Carpinteria In Brief

Carpinteria’s receipts from October through December were 4.3% above the fourth sales period in 2017, though results were inflated by numerous catch-up payments, particularly for local service stations, which had been delayed by the State’s recent transition to a new software and reporting system. Adjusted for proper payment timing, actual sales were down 8.2%.

The most significant factor in this decline was a large use tax payment from a local customer for an out-of-state purchase made in the comparison year.

A business relocation and a suspected partial payment negatively impacted food-drugs.

A suspected misallocation by a local contracting company conversely appears to have artificially inflated building-construction results.

Drug and chemical sales were higher and benefited from the recent opening of a new local supplier. A new restaurant opening also lifted casual dining postings. Service stations benefited from higher gasoline prices at the pump and sales would have been even higher if not for a delayed payment.

Net of aberrations, taxable sales for all of Santa Barbara County grew 1.9% over the comparable time period; the Central Coast region was down 0.7%.

Sales Tax by Major Business Group

Top 25 Producers (in alphabetical order):

- 32 Bar Blues
- Agilent Technologies
- Albertsons
- All Around Landscape Supply
- Arco AM PM
- Carpinteria 76
- Carpinteria Valley Lumber
- Central Coast Audio Visual
- Chevron
- CVS Pharmacy
- DAC International
- Dako
- Eye of the Day
- Factory Appliance
- Food Liaison
- Ipower Resale Group
- McDonalds
- Nusil Technology
- Omni Catering
- Rincon Brewery
- Risdons Union 76
- Rustys Pizza Parlor
- S & S Seeds
- Smart & Final
- The Palms

Revenue Comparison

Two Quarters – Fiscal Year To Date (Q3 to Q4)

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<tr>
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<th>2017-18</th>
<th>2018-19</th>
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<tbody>
<tr>
<td>Point of Sale</td>
<td>$832,723</td>
<td>$961,127</td>
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<td>County Pool</td>
<td>132,959</td>
<td>155,868</td>
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<tr>
<td>State Pool</td>
<td>448</td>
<td>491</td>
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<tr>
<td>Gross Receipts</td>
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Statewide Results
The local one cent share of sales and use tax from October through December sales was 2.8% higher than 2017’s holiday quarter after factoring for state reporting aberrations.

The overall increase came primarily from a solid quarter for contractor materials and equipment, expanded production by an auto manufacturer and rising fuel prices. Online fulfillment centers, new technology investment and cannabis start-ups also produced significant gains. Receipts in the six county Sacramento region grew 7.9% over last year while the remainder of the state was generally flat or exhibited only minor growth.

Notable was the 0.09% rise in tax receipts from brick and mortar retailers which is the lowest holiday gain for that sector since 2009. A 9.6% increase in receipts from online shopping which is allocated to central order desks or county pools was part of the reason. Other factors include lower prices, gift cards which move purchases to future quarters and greater gifting of non-taxable experiences and services.

The Retail Evolution Continues
A recent survey identified U.S. closures of 102 million sq. ft. of retail space in 2017 and an additional 155 million sq. ft. in 2018. Similar losses are expected in 2019 with 5,300 closures already announced. Payless Shoes, Gymboree, Performance Bicycle and Charlotte Russe are going out of business while chains including Sears, Kmart, Macy’s, JCPenney, Kohl’s, Nordstrom, Dollar Tree, Victoria’s Secret, Chico’s, Foot Locker and Lowe’s have announced plans for further cuts in oversaturated markets and downsizing of stores.

Retailers are not planning the end of physical stores which continue to be important for personalized experiences and shopping entertainment. However, the shifting trends encourage reduced square footage with less overhead to better compete on prices and provide more intimate shopping encounters.

With smartphones allowing purchase and delivery of almost anything at any time of the day without leaving home, big box retailers are responding by downsizing stores and subleasing excess space to compatible businesses to help draw traffic. Locations where people congregate for entertainment, food and services have become part of the evolving strategy as has integrating retail with more convenient spots for pick-up and delivery of online orders.

Barry Foster of Hdl’s EconSolutions, notes that “shifting shopping habits present challenges but also opportunities.” “Smaller footprints enable expanding into smaller niche markets while mixed use projects and 18-hour environments are chances to rebuild downtowns and reinvigorating shopping centers.”

With more companies using the internet to sell directly to customers from their warehouses, the trend also provides jurisdictions whose populations aren’t adequate in size to support large scale retail to focus on industrial development for sales tax as well as jobs.