



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: March 1, 2016
Placement: Departmental
Estimated Tme: 15 minutes
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Robert W. Geis, CPA
Director(s) Auditor-Controller
Contact Info: Katie Roth, CPA
Division Chief Specialty Accounting Ext. 2141

SUBJECT: Sales Tax and Transient Occupancy Tax Annual Reports

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: N/A

Recommended Actions:

Accept and file the following two publications:

- a) 2014-15 Sales & Use Tax Highlights Report
- b) 2014-15 Annual Transient Occupancy Tax Report

Summary Text:

Each year the Auditor-Controller publishes four publications highlighting annual financial results and revenue sources. Earlier this year we filed our Financial Highlights publication and today we are presenting two reports detailing the collection and distribution of local taxes within Santa Barbara County. Each tax source has a complicated collection and allocation process. These reports are considered to be "Popular Reports" by the Governmental Finance Officers Association, as they are prepared to help citizens and management to better understand the tax collection and apportionment process to local government agencies.

Background:

The County's largest revenue source is the local property tax, followed by local sales tax. The transient occupancy tax is also an important discretionary revenue source for the County. The magnitude of the taxes generated within the County of Santa Barbara is as follows:

Auditor-Controller Concurrence

As to form: N/A

Sales and Use Tax Highlights

The sales and use tax generated \$546.8 million within the County in FY 2014-15 for a growth rate of approximately 3.5%. The County received \$140.5 million in Sales and Use Tax Revenue for a growth rate of approximately 3.3%. The overall rate of growth can differ slightly from the state level of growth due to fluctuations in methods of allocation. The sales and use tax generated \$140.5 million within the County in FY 2014-15 to support the following local programs:

Sales and Use Tax Components	Revenue
Local Revenue Fund - 2011 Realignment	\$ 63.5
Public Safety - Prop 172	33.9
Health & Welfare - 1991 Realignment	27.8
Local Bradley-Burns Sales Tax - General Operations	7.8
Roads - Measure A	6.7
Transportation – Local Transportation Fund	0.8
Total	\$ 140.5

Of significance this FY 2014-2015, while we anticipated higher overall growth rates the largest sector of retail sales, general consumer goods, grew only at 1.4% and taxable sales on fuel decreased almost 10% tempering the overall growth rate to 3.5%. As shown in the table below, other segments of taxable sales were growing above 3.5%. It would appear in the current FY 2015-2016, many of the business group sectors while experiencing moderate growth are still being held back by fuel sale prices and weak retail sales in the consumer goods sector. Overall the FY 2015-2016 tax growth is trending at 2%.

Countywide Business Group Comparison

Business Group	FY 2013/14	FY 2014/15	Growth
General Consumer Goods	\$ 12,200,968	\$ 12,367,296	1.4%
Business and Industry	9,117,790	9,503,812	4.2%
Autos and Transportation	6,817,638	7,572,071	11.1%
Restaurants and Hotels	6,927,578	7,444,799	7.5%
Fuel and Service Stations	5,458,737	4,937,576	-9.5%
Building and Construction	4,061,048	4,353,843	7.2%
Food and Drugs	3,907,979	4,062,268	3.9%
Other Allocations	801,840	778,849	-2.9%
TOTAL	\$ 49,293,576	\$ 51,020,513	3.5%

Transient Occupancy Tax TOT Highlights

The annual TOT report is compiled by collecting information from the Cities within the County and collections by Santa Barbara County. Our intent is to provide a broad picture of the lodging taxes collected on tourism in the County.

The local TOT (hotel bed tax) generated \$51.8 million in FY 2014-15 for all cities and unincorporated areas of the County an increase of 11.8% from last fiscal year. The County of Santa Barbara received \$8.6 million in TOT from the unincorporated areas, growing at 13.3% from last fiscal year.

Of recent interest is the number of non-hotels paying TOT. In the unincorporated area of the County of Santa Barbara we estimate 350 non-hotel rentals paid \$1.4 million or approximately 16.5% of the total \$8.6 million TOT collected by the County.

Both of these publications highlighting the County's revenue sources along with our annual Financial Highlights report and Comprehensive Annual Financial Report are available on the County website at <http://www.countyofsb.org/auditor/default.aspx?id=1234>.

Performance Measure:

Timely and accurately produce and publish financial reports.

Fiscal and Facilities Impacts:

N/A

Fiscal Analysis:

N/A

Staffing Impacts:

N/A

Special Instructions:

N/A

Attachments:

The following reports:

1. 2014-15 Sales & Use Tax Highlights Report
2. 2014-15 Annual Transient Occupancy Tax Report

Authored by:

Katie Roth, CPA

cc: