



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: December 13, 2016
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Theodore A. Fallati, CPA, CPFO
Director(s) Auditor-Controller
Contact Info: Betsy Schaffer, CPA, CPFO
Assistant Auditor-Controller

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) 2015-16 Sales & Use Tax Highlights Report
- b) 2015-16 Annual Transient Occupancy Tax Report

Summary Text:

Each year the Auditor-Controller prepares publications highlighting annual financial results and revenue sources. These publications detail 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 specifically designed to be readily accessible and easily understandable to the general public and other interested parties.

Background:

The County's largest discretionary 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:

Sales and Use Tax Highlights

The sales and use tax generated approximately \$555 million Countywide in FY 2015-16 for a growth rate of approximately 2%. The sales and use tax generated approximately \$145 million for the County to support local programs and services.

The largest sector of retail sales in FY 2015-16 was the Business & Industry sector which grew 6.3% and generated \$13.5 million in sales tax revenue. The Autos & Transportation sector also grew at 5.8% and generated \$10.7 million, while Restaurants & Hotels generated \$10.4 million which grew 4.9%. Overall, most of the business group sectors reflect growth, except the Fuel & Service Stations sector which decreased 10.8% and the Food & Drugs sector which decreased 1.9%.

Transient Occupancy Tax (TOT) Highlights

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

The local TOT (hotel bed tax) generated approximately \$53 million in FY 2015-16 for all cities and unincorporated areas of the County, an increase of 2.2% from last fiscal year. The County of Santa Barbara received approximately \$9 million in TOT from the unincorporated areas, growing at 4.6% from last fiscal year.

On November 8, 2016, the voters in the unincorporated area of Santa Barbara County voted in favor of increasing the TOT rate in that area from 10% to 12% effective January 1, 2017. The new revenue from this increase is estimated to be about \$1.8 million on an annual basis.

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 Analysis:

N/A

Special Instructions:

N/A

Attachments:

The following reports:

1. 2015-16 Sales & Use Tax Highlights Report
2. 2015-16 Annual Transient Occupancy Tax Report

Authored by:

Jackie Salvador