

Annual Transient Occupancy Tax Report

Fiscal Year Ended June 30, 2018



Rosewood Miramar Beach

In 1963, local governments were granted the power to tax the privilege of occupying a room or other living space in a hotel, motel, inn, tourist home, or other lodging (such as campgrounds) for stays with a duration of 30 days or less. Transient Occupancy Tax (TOT), calculated as a percentage of the daily rent, is collected by the operator and then remitted to the city or county in which the lodging is located.

In fiscal year (FY) 2017-18, Countywide TOT revenue reached \$55.9 million. The incorporated cities generated \$47.4 million while the unincorporated areas generated \$8.5 million. On November 8, 2016 the voters of Santa Barbara County passed Measure B, which increased the TOT rate in the unincorporated area from 10% to 12% effective January 1, 2017. During FY 2016-17, the TOT rate was 10% for the first half of the fiscal year (July - December 2016) and 12% for the second half of the fiscal year (January - June 2017) for all the unincorporated areas.

Annual Transient Occupancy Tax Summary³

| Cities | Tax Rate | 2016-17 | 2017-18 ¹ | % Change |
|-----------------------------|----------|---------------------|----------------------|---------------------|
| Santa Barbara | 12% | \$23,096,720 | \$22,650,066 | -1.9% ² |
| Goleta | 12% | 8,628,738 | 10,117,023 | 17.2% |
| Solvang | 12% | 4,399,217 | 4,321,195 | -1.8% |
| Santa Maria | 10% | 3,441,892 | 3,524,150 | 2.4% |
| Buellton | 12% | 1,934,889 | 2,832,053 | 46.4% |
| Carpinteria | 12% | 2,493,411 | 2,037,899 | -18.3% ² |
| Lompoc | 10% | 1,795,611 | 1,931,213 | 7.6% |
| Total | | \$45,790,478 | \$47,413,599 | 3.5% |
| Unincorporated Areas | | | | |
| South County | 12% | \$8,756,624 | \$7,084,471 | -19.1% ² |
| Santa Ynez Valley | 12% | 802,500 | 902,842 | 12.5% |
| North County | 12% | 513,135 | 541,622 | 5.6% |
| Total | | \$10,072,259 | \$8,528,935 | -15.3% |
| Countywide | | \$55,862,737 | \$55,942,534 | 0.1% |

¹ Fiscal year totals reflect TOT revenue collections as of August 2018.

² Decrease due to the impacts of the December 2017 Thomas Fire and/or the January 2018 Montecito Debris Flow.

³ TOT Summary table reflects actual collections for the fiscal year and might differ from the TOT revenues reflected on each jurisdiction's CAFR which includes accruals and adjustments for prior period collections.

INSIDE THIS ISSUE:

| | |
|--------------------------|---|
| Room Sales by Area | 2 |
| Other Economic Benefits | 2 |
| 5 Year Annual Trend | 3 |
| 5 Year Monthly Trend | 3 |
| Lodging Provider Listing | 4 |



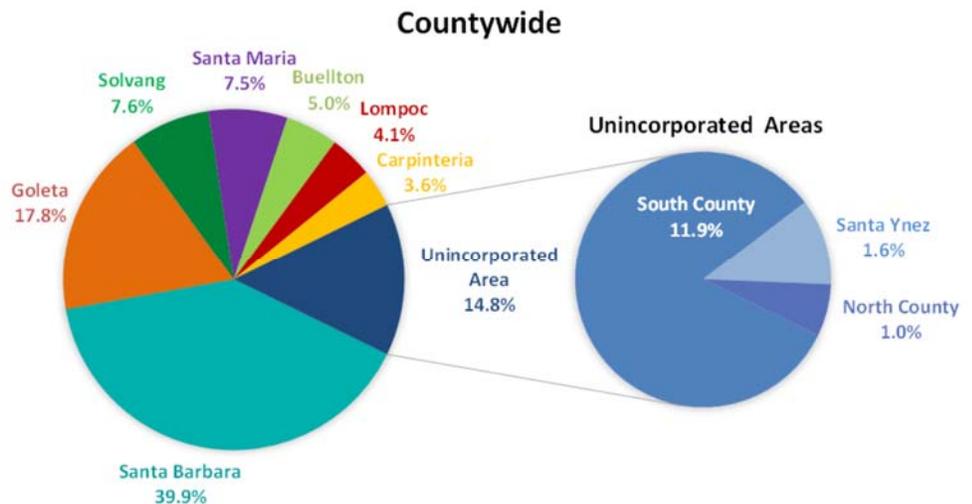
Room Sales By Area - Fiscal Year 2017-18

| | <u>2017-18</u> | |
|-----------------------|----------------|--------------------|
| Cities | | |
| Santa Barbara | \$ | 188,750,550 |
| Goleta | | 84,308,521 |
| Solvang | | 36,009,961 |
| Santa Maria | | 35,241,499 |
| Buellton | | 23,600,442 |
| Lompoc | | 19,312,127 |
| Carpinteria | | 16,982,492 |
| Total | \$ | 404,205,592 |
| Unincorporated | | |
| South County | \$ | 59,037,257 |
| Santa Ynez Valley | | 7,523,684 |
| North County | | 4,513,517 |
| Total | \$ | 71,074,458 |
| Countywide | \$ | 475,280,050 |

During fiscal year 2017-18, the lodging industry brought in \$475.2 million in room sales across all cities and County unincorporated areas. This is a decrease of 0.2% from FY 2016-17 room sales of \$483.1 million.

The seven incorporated cities generated \$404.2 million in room sales, representing 85.1% of the countywide total. The three unincorporated areas generated the remaining \$71 million in room sales, representing 14.9% of the countywide total.

The City of Santa Barbara generated the most significant portion of room sales at \$188.7 million, representing 39.7% of the countywide total. The City of Goleta generated the second largest portion of room sales at \$84.3 million, representing 17.7% of the countywide total. The unincorporated areas of the County generated the third largest portion of room sales at \$71 million, representing 14.9% of the countywide total. The other five cities collectively generated the remaining 27.7% of the countywide total.



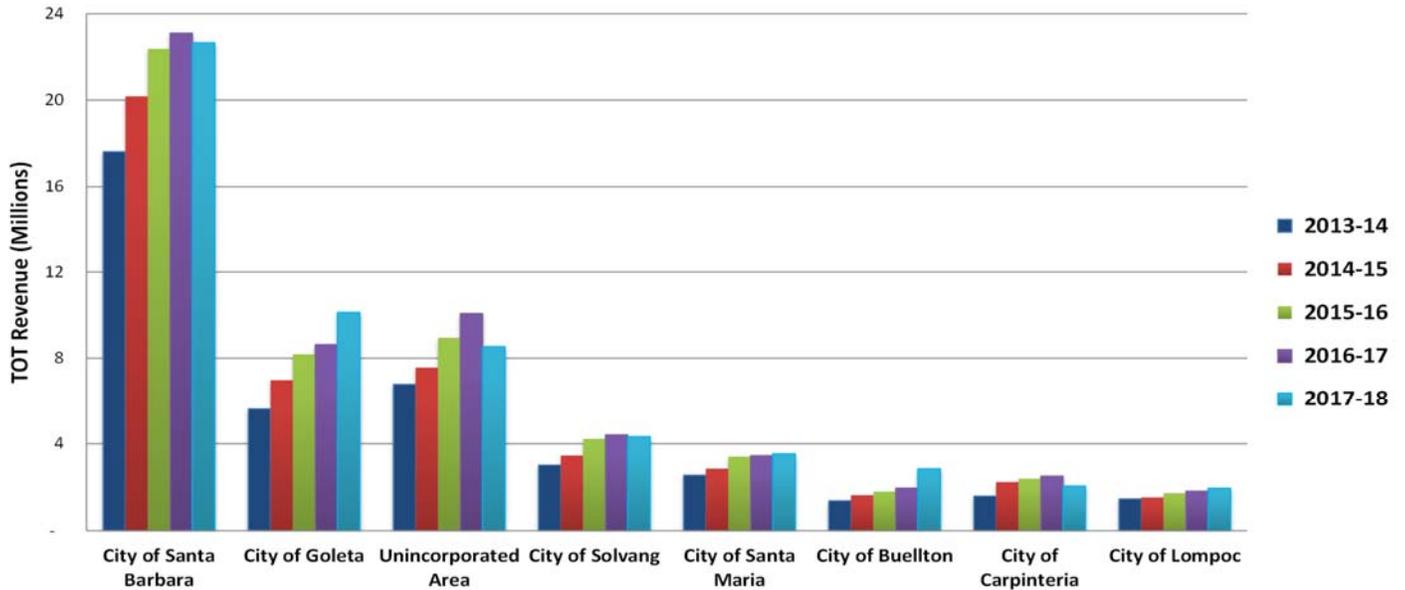
Other Economic Benefits of the Hospitality Industry

The data below provides information about various other economic benefits generated as a result of the lodging/overnight accommodations industry in Santa Barbara County. This data includes property tax revenue from hotels/motels, sales tax revenue generated on accommodations and restaurants, and employment (number of jobs provided) within the hospitality industry for fiscal years 2016-17 and 2017-18.

| | <u>2016-17</u> | <u>2017-18</u> | |
|---------------------|----------------|----------------|---|
| Property Tax | \$16,752,418 | \$17,922,214 | Lodging properties generated 2% of total countywide property taxes. |
| Sales Tax | \$11,410,485 | \$11,187,874 | Lodging and restaurants provide 19% of sales tax generated Countywide. Sales tax data for lodging and restaurants are not reported separately. Amounts may differ from prior year publication due to change in source of sales tax data. Source: Hinderliter, de Llamas and Associates. |
| Employment | 5,300 | 5,500 | Lodging provides 3% of all jobs in Santa Barbara County. Source: CA EDD March 23, 2018 |

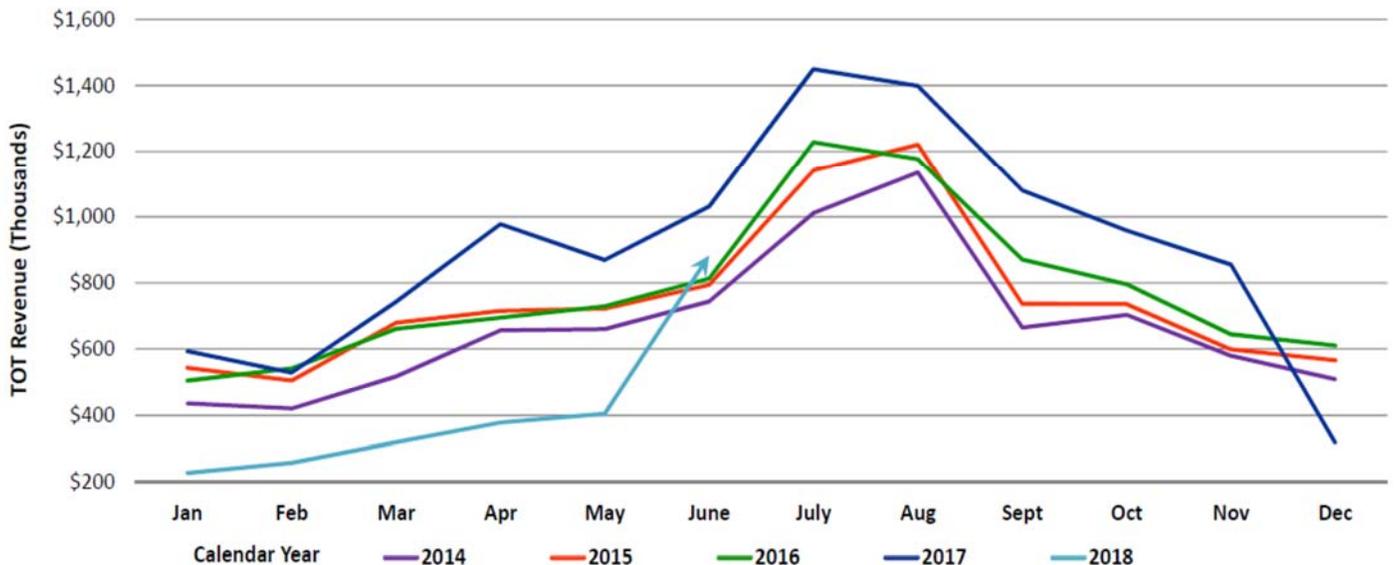
5 Year Revenue Trend Incorporated Cities & Unincorporated Area

TOT has increased steadily each year due to strong economic growth and a robust tourism industry. Santa Barbara County has experienced multiple years of double-digit TOT growth since the FY 2009-10 recession. However, there was minimal TOT revenue growth in FY 2017-18 due to the impact of the Thomas Fire and Montecito Debris Flow. Our expectation is that TOT will continue to grow at a moderate rate consistent with the past five years.



5 Year Monthly Revenue Trend – Unincorporated Area

The chart below demonstrates the cyclical nature of TOT revenues in the unincorporated area of Santa Barbara County over the span of the calendar year. TOT revenue increases during the start of summer and peaks in the month of July or August. In 2018, TOT decreased significantly from January to May due to the Thomas Fire and Montecito Debris Flow that impacted the area. Construction of new hotels in the unincorporated area and the current revenue trend could be indications that TOT will continue to grow.



COUNTYWIDE LISTING OF LODGING PROVIDERS

UNINCORPORATED AREAS

North County¹

1880 Union
Alamo Hotel
Buckhorn
Skyview Los Alamos Motel
Victorian Mansion
White Oaks Hotel

Santa Ynez Valley²

Ballard Inn
Fess Parker's Wine Country Inn
For Friends Inn
Meadowlark Inn
Sanja Cota Motel
Santa Ynez Inn
Zaca Lake Foundation

South County³

Circle Bar B Ranch Resort
El Capitan Campground
Extended Stay America
Four Seasons Biltmore
Inn on Summer Hill
Pacific Graduate Institute
Ramada Limited
Rancho Oso
San Ysidro Ranch
Summerland Inn
Tropicana Del Norte
Tropicana Gardens
Villas at Tropicana
Westmont College

...Plus 495 Vacation Rentals and 15
Homestays in the Unincorporated
Area of the County

CITY OF BUELLTON

Andersen's Best Western Inn
Farmhouse Motel
Flying Flags Travel Park
Hampton Inn
Motel 6
Quality Inn
Red Rose Court
San Marcos Motel
Santa Ynez Valley Marriott
Sideways Inn
Sleepy Hollow Motel

CITY OF CARPINTERIA

Best Western
Casa Del Sol
Holiday Inn Express
Eugenia Motel
Motel 6 (2)
Sandyland Reef Inn
...Plus 3 Bed and Breakfasts &
68 Vacation Rentals

CITY OF GOLETA

Ritz-Carlton Bacara Resort & Spa
Goodland Hotel
Hampton Inn
Hilton Garden Inn
Marriott Courtyard
Marriott Residence Inn
Motel 6
Pacifica Suites
South Coast Inn
Super 8 Motel
...Plus 17 Vacation Rentals

CITY OF LOMPOC

1890 House
Budget Inn
Embassy Suites
Hilton Garden Inn
Holiday Inn Express
Inn at Highway 1
Inn of Lompoc
Lompoc Motel
Lompoc Valley Inn & Suites
Motel 6
O'Cairns Inn & Suites
Red Roof Inn
Star Motel
Lotus of Lompoc

CITY OF SANTA BARBARA

Agave Inn
Ala Mar Motel
Avania Inn
Bath Street Inn
Beach House Motel
Best Western Inn
Blue Sands Motel
Brisas del Mar
Cabrillo Inn
Canary Hotel
Casa Del Mar
Castillo Inn
Cheshire Cat Inn
Coast Village Inn
Days Inn
Eagle Inn
El Encanto Hotel

Encina Motor Lodge
Franciscan Motel
Harbor House
Harbor View Inn
Hilton Santa Barbara Beachfront Re-
sort
Holiday Inn Express
Holiday Lodge
Hotel Californian
Hotel Indigo Santa Barbara
Hotel Milo
Hotel Santa Barbara
Hyatt Santa Barbara
Inn at East Beach
Inn by the Harbor
La Quinta Inn & Suites
Lavender Garden Inn by the Sea
Lemon Tree Inn
Marina Beach Motel
Mason Beach Inn
Montecito Inn
Motel 6 (2)
Oasis Inn & Suites
Old Yacht Club
Orange Tree Inn
Pacific Crest Inn by the Sea
Parkside Inn
Pepper Tree
Presidio Motel
Quality Inn
Rose Garden Inn
Sandpiper Lodge
Santa Barbara Inn
Secret Garden Inn
Simpson House Inn
Spanish Garden Inn
Sunset Motel
The Orchid Inn
Town & Country Inn
Upham Hotel
Villa Elegante
Villa Rosa
Wayfarer Hotel
West Beach Inn
White Jasmine Inn
...Plus 15
Vacation Rentals

CITY OF SANTA MARIA

Big America Hotel
Broadway 11 LLC
Buckboard Motor Lodge
Candlewood Suites
Colonial Motel
Days Inn
Deville Motel
Econolodge Inn & Suites

Economy Inn
Fairfield Inn & Suites
Fountain Motel
Guest House Inn
Historic Santa Maria Inn
Holiday Inn
Holiday Motel
Laura Lodge
Mission Hotel
Motel 6 (2)
Palms Motor Motel
Plaza Motel
Radisson Hotel
Restwell Motel
Santa Maria Cottages
Solaire Inn and Suites
The North Broadway
Town & Country Motel
Valley Motel
Villa Motel
Western Motel

CITY OF SOLVANG

Alisal Guest Ranch
Atterdag Inn
Great Dane Guest House
Hadsten House Inn
Hamlet Motel
Holiday Inn Express
Hotel Corque
King Fredrick
Kronborg Inn
Landsby
Mirabelle
New Haven
Royal Copenhagen
Solvang Gardens
Solvang Inn & Cottages
Svendsgaard Lodge
Viking Motel
Wine Valley Inn
Worldmark Club
...Plus 6 Vacation Rentals

¹ North County encompasses the area west of Buellton and the area north of Zaca Lake.

² The Santa Ynez Valley encompasses the area east of Buellton, south of the San Rafael Mountains, and north of the Santa Ynez Mountains.

³ South County encompasses the area east of Gaviota and south of the Santa Ynez Mountains.