

CITY OF SAN DIMAS

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



SAN DIMAS

TOTAL: \$ 1,927,921

17.6%
3Q2020



-6.0%
COUNTY

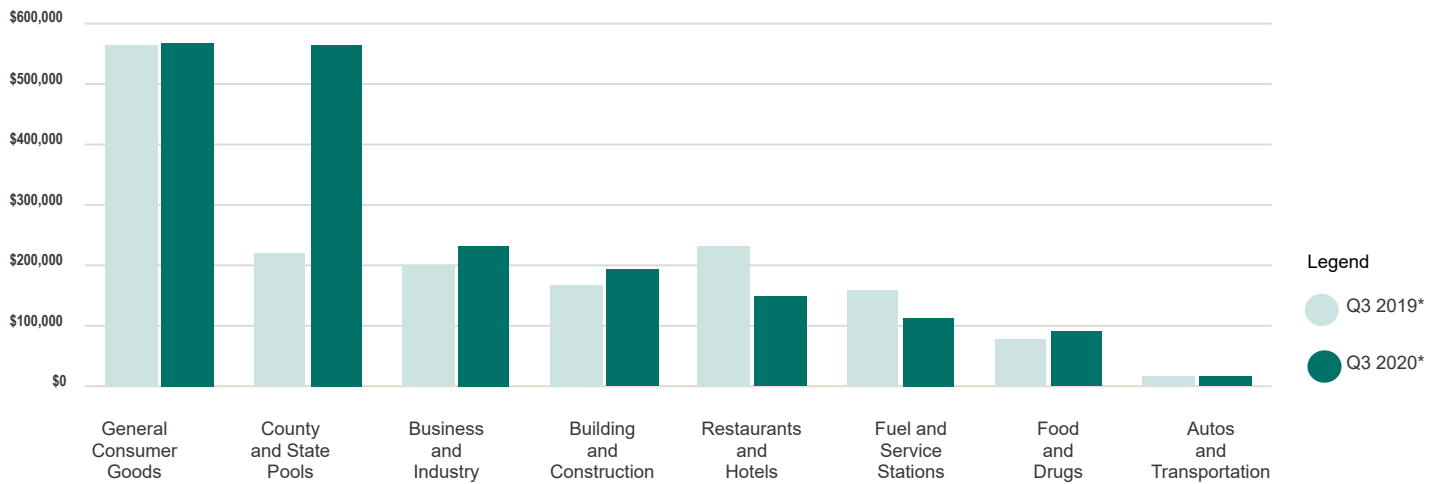


-0.9%
STATE



**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF SAN DIMAS HIGHLIGHTS

San Dimas' receipts from July through September were 68.6% above the third sales period in 2019 due to a large onetime allocation from an industrial business for the second quarter of 2020. Excluding this and other reporting aberrations, actual sales were up 17.6%.

Despite being the second quarter of significant economic impacts due to the COVID-19 pandemic, multiple business groups posted higher actual sales. New medical/biotech and light industrial vendors boosted business and industry 16.2%. Continued demand for building and construction supplies pushed that group 14.5% higher. Food and drug stores remained strong, gaining 16.9%. General retail sales were flat as various categories posted mixed results.

Lower retail gas prices and reduced demand for fuel pushed service

station sales down 27.9%. Restaurants sales declined 35.5% consistent with statewide trends due to restrictions placed on the industry,

The City's allocation from the countywide use tax pool increased 151%. The continuing surge in pool receipts is due to the Wayfair decision that required out of state companies to collect sales tax and increased demand for online purchases due to the pandemic that changed consumers' buying habits.

Net of aberrations, taxable sales for all of Los Angeles County declined 6.0% over the comparable time period; the Southern California region was down 1.5%.



TOP 25 PRODUCERS

- 7 Eleven
- AC Pro
- Albertsons
- Arco
- Berri Brothers Gas Station
- CCI Global
- Chevron
- Costco
- Curative Korva
- Incycle
- Lowe's
- McDonald's
- Pacific Sales
- Pool & Electrical Products
- Ross
- SCP Distributors
- Second Image
- Shell
- Smart & Final
- Stater Bros
- Stein Mart
- Target
- TJ Maxx
- Trader Joes
- Walters Wholesale Electric



STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last year's implementation of the

Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

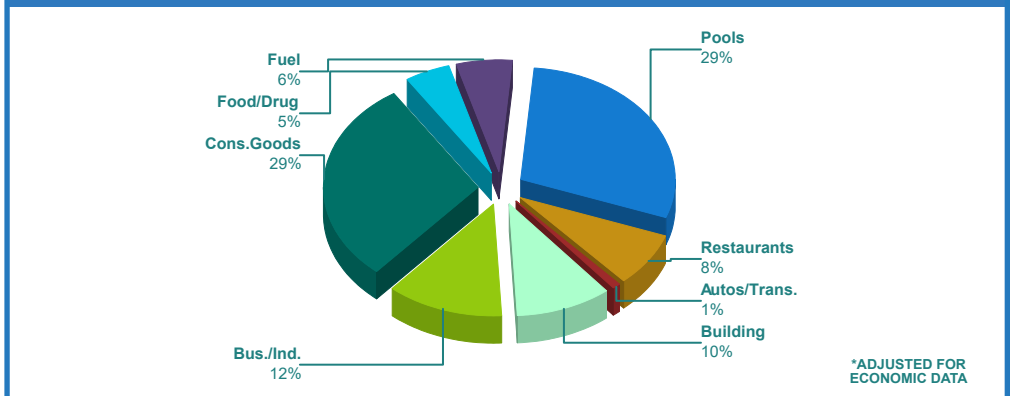
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up of each jurisdiction's tax base.

Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

REVENUE BY BUSINESS GROUP
San Dimas This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

San Dimas Business Type	Q3 '20*	Change	County Change	HdL State Change
Service Stations	113.9	-27.9%	-34.8%	-29.0%
Grocery Stores	65.1	18.8%	5.1%	7.1%
Casual Dining	62.2	-35.8%	-41.9%	-37.9%
Quick-Service Restaurants	57.8	-9.1%	-13.7%	-10.3%
Light Industrial/Printers	52.3	69.4%	-7.9%	-6.1%
Electronics/Appliance Stores	37.8	12.8%	-20.1%	-21.1%
Family Apparel	37.6	-8.5%	-25.1%	-24.4%
Medical/Biotech	36.4	222.6%	19.6%	4.8%
Sporting Goods/Bike Stores	32.9	57.6%	15.1%	22.1%
Fast-Casual Restaurants	26.5	-8.9%	-17.2%	-14.2%

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars