

CITY OF SAN DIMAS

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



SAN DIMAS

TOTAL: \$ 2,209,278

-11.6%

4Q2021



16.9%

COUNTY



15.6%

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 October through December were 19.2% above the fourth sales period in 2020, though this result was inflated by a payment timing error. Excluding this and other reporting aberrations, actual sales were down 11.6%.

The largest contributor to this decline was a large, project related use tax payment in the comparison year that resulted in a temporary drop in receipts for the business-industrial sector.

Allocations from the Los Angeles use tax pool also dipped 8%. This funding is allocated among local agencies based on each jurisdiction's proportional cash receipts each quarter and local results suffered as several cities in Los Angeles County, which had been more severely impacted by the pandemic, now rebounded strongly.

Conversely, local general consumer good outlets posted a 18% gain, matching the statewide trend, as shoppers spent freely during the holiday season. Service station returns increased 51% as vehicle miles driven continued to increase in comparison to last year's pandemic impaired results and as gasoline prices increased 45%.

Casual dining restaurants topped the same period last year by 72%, exceeding the 66% statewide trend, as people got out of the house and came together again, seeking new experiences and meaningful ways to connect with others after the isolation of the Covid-19 epidemic.

Net of aberrations, taxable sales for all of Los Angeles County grew 16.9% over the comparable time period; the Southern California region was up 17.4%.



TOP 25 PRODUCERS

- 7 Eleven
- Albertsons
- Arco
- Berri Brothers Gas Station
- Boot Barn
- Chevron
- Costco
- Curative
- Incycle
- KPS Global
- Lowe's
- McDonalds
- Mikes Auto Service
- Pool & Electrical Products
- Ross
- San Dimas Service Station
- SCP Distributors
- Second Image
- Shell
- Show Sushi
- Stater Bros
- Target
- TJ Maxx
- Trader Joes
- Walters Wholesale Electric



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 15% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

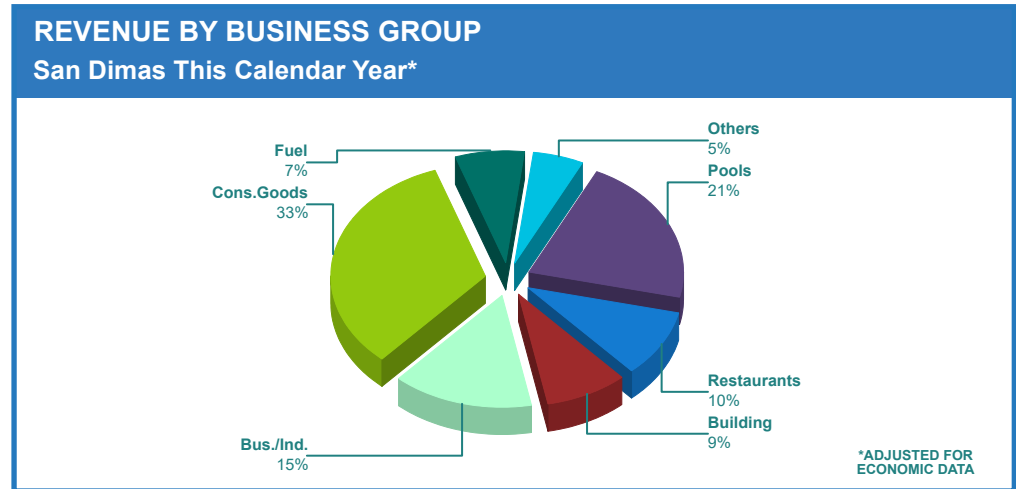
Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women’s apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State’s history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia’s war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.



TOP NON-CONFIDENTIAL BUSINESS TYPES

San Dimas Business Type	Q4 '21*	Change	County Change	HdL State Change
Service Stations	165.0	51.3% ↑	60.4% ↑	53.8% ↑
Casual Dining	108.9	72.2% ↑	80.5% ↑	66.4% ↑
Grocery Stores	74.5	-2.6% ↓	0.1% ↑	0.6% ↑
Quick-Service Restaurants	61.3	0.1% ↑	13.9% ↑	12.1% ↑
Family Apparel	59.2	20.2% ↑	32.0% ↑	27.2% ↑
Light Industrial/Printers	57.0	47.7% ↑	6.1% ↑	8.3% ↑
Business Services	35.0	-7.2% ↓	-13.6% ↓	4.4% ↑
Fast-Casual Restaurants	32.2	8.2% ↑	14.7% ↑	16.7% ↑
Specialty Stores	31.7	14.2% ↑	18.5% ↑	18.7% ↑
Electronics/Appliance Stores	31.6	-4.5% ↓	2.9% ↑	8.4% ↑

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