

# CITY OF ARROYO GRANDE

## SALES TAX UPDATE

### 4Q 2020 (OCTOBER - DECEMBER)



#### ARROYO GRANDE

TOTAL: \$ 1,172,310

6.0%  
4Q2020



6.4%  
COUNTY

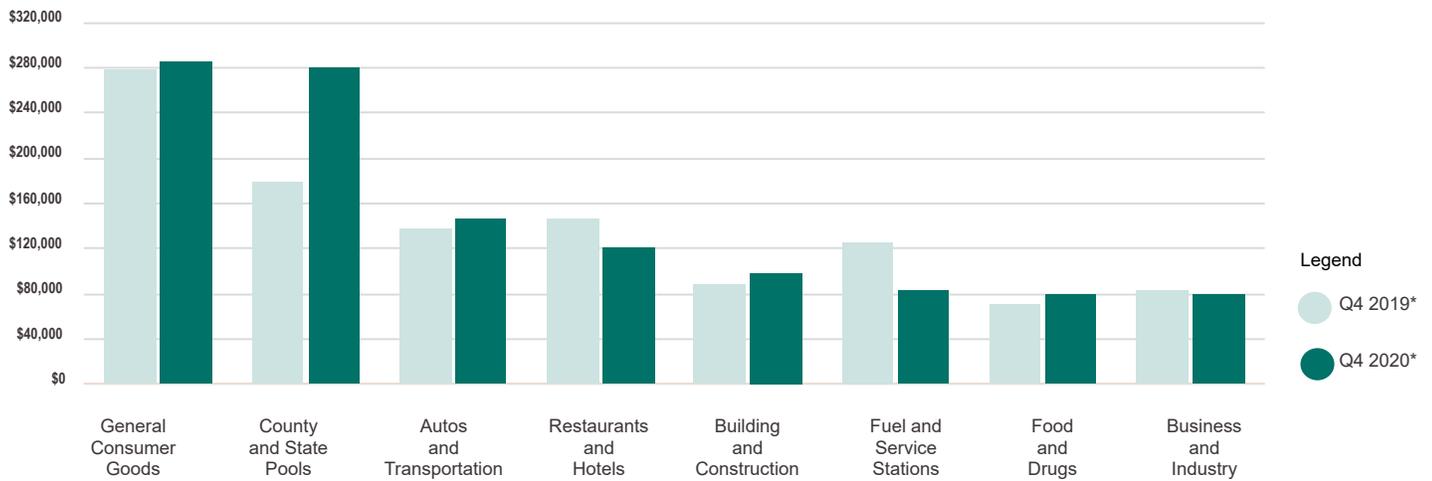


-2.0%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure O - 06

TOTAL: \$629,176

↓ -1.1%



#### CITY OF ARROYO GRANDE HIGHLIGHTS

Arroyo Grande's receipts from October through December were 4.3% above the fourth sales period in 2019. Excluding reporting aberrations, actual sales were up 6.0%.

While this was the third quarter of economic impacts due to the pandemic, the City experienced another strong growth period from building material suppliers, consistent with the county and statewide trend.

Increased activity during the holiday shopping period from general consumer retailers and auto-transportation dealers further helped lift the overall results. Gains from the countywide use tax pool

continues to be a bright spot and partially offset the declines. With more online purchases being made and a greater number of out-of-state retailers collecting and remitting local sales tax, the City's share grew 57% from a year ago.

As expected, with reduced commuter frequency and lower gas prices, gas stations remain heavily impacted, while restaurants that usually depend on indoor services like casual dining establishments continue to be hindered.

Net of aberrations, taxable sales for all of San Luis Obispo County grew 6.4% over the comparable time period; the Central Coast region was up 0.3%.



#### TOP 25 PRODUCERS

Ace Hardware  
Arco AM PM  
Arroyo Grande Chevrolet  
Arroyo Grande Valero  
Burke & Pace Lumber Sales  
California Hardware  
Chevron  
Donnas Interiors Furniture  
Food 4 Less  
Grand Mart  
In N Out Burger  
John Deere Landscapes  
Marshalls  
Mason Bar

McDonalds  
Mobil  
Mullahey Ford  
R & R Furniture  
Rite Aid  
Rugged Race Products  
Smart & Final  
Streator Pipe & Supply  
Trader Joes  
Verizon Wireless  
Wal Mart



## STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national

presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

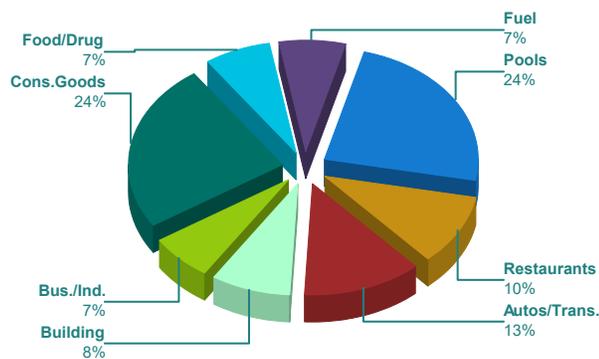
The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset the declines. Greater online shopping signifying a permanent shift of consumer

habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

### REVENUE BY BUSINESS GROUP Arroyo Grande This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Arroyo Grande Business Type	Q4 '20	Change	County Change	HdL State Change
Service Stations	76,216	-34.3% ↓	-27.9% ↓	-31.2% ↓
Building Materials	73,995	54.8% ↑	20.5% ↑	17.7% ↑
Grocery Stores	50,815	25.5% ↑	9.0% ↑	5.2% ↑
Quick-Service Restaurants	50,752	4.0% ↑	-1.2% ↓	-8.7% ↓
Casual Dining	47,584	-28.1% ↓	-26.5% ↓	-39.4% ↓
Home Furnishings	32,695	-12.0% ↓	-5.8% ↓	1.1% ↑
Electronics/Appliance Stores	31,442	46.4% ↑	-14.3% ↓	-25.0% ↓
Garden/Agricultural Supplies	28,986	13.1% ↑	11.6% ↑	14.0% ↑
Drug Stores	20,105	10.5% ↑	2.7% ↑	-4.1% ↓
Specialty Stores	19,436	8.0% ↑	-9.4% ↓	-6.8% ↓

\*Allocation aberrations have been adjusted to reflect sales activity