

CITY OF ARROYO GRANDE

SALES TAX UPDATE

1Q 2021 (JANUARY - MARCH)



ARROYO GRANDE

TOTAL: \$ 950,828

4.5%
1Q2021



17.0%
COUNTY

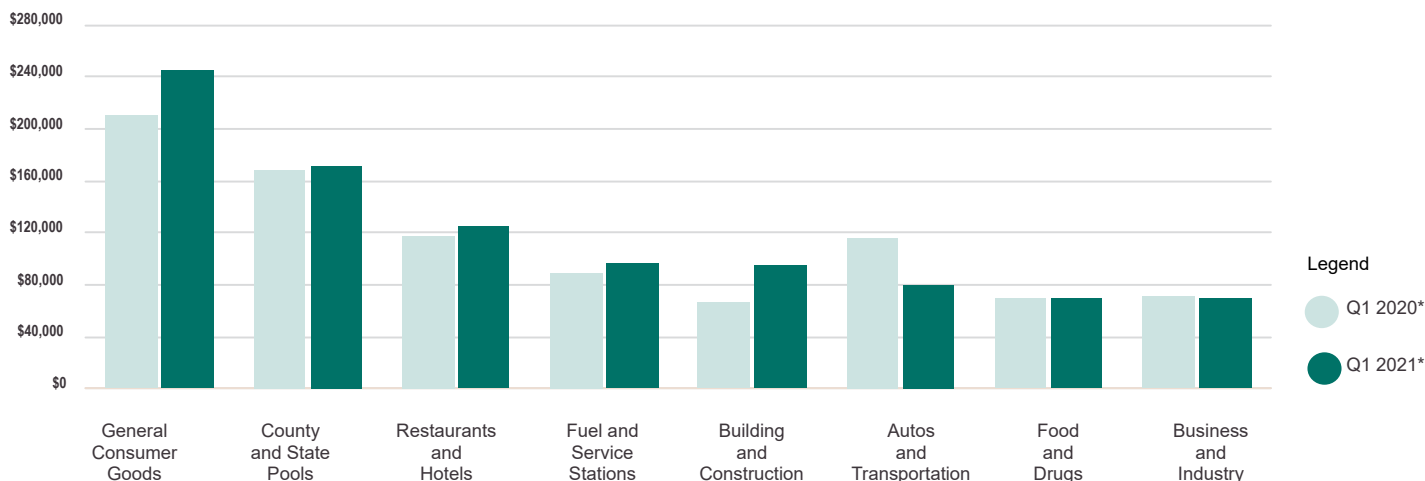


9.5%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure O - 06

TOTAL: \$592,735

↑ 14.1%



CITY OF ARROYO GRANDE HIGHLIGHTS

Arroyo Grande's receipts from January through March were 21.4% above the first sales period in 2020. Excluding reporting aberrations, actual sales were up 4.5%.

The variance between cash receipts and actual sales was mainly due to businesses taking advantage of the tax deferral programs put in place in the first quarter of 2020 at the onset of the pandemic. Locally, actual point of sales receipts rose 5.1% with most business sectors higher.

Building material sales continue to be the area of strength, up 57.9%. General retail sales also remained strong, gaining 15.9%. Garden/agricultural supply sales

were 20.5% higher. Fuel sales and the restaurant group both outperformed trends, up 7.7% and 5.7%, respectively. Food and drug store growth has slowed, rising 1.6%.

Much of the growth was offset by allocation irregularities that continue to plague the automotive group, which dropped 31.4%.

The City's allocation from the countywide use tax pool increased 9.8%.

Taxable sales for all of San Luis Obispo County grew 17.0% over the comparable time period; the Central Coast region was up 9.7%.



TOP 25 PRODUCERS

Ace Hardware	Mobil
Arco AM PM	Pacific Shore Stones
Arroyo Grande Chevrolet	R & R Furniture
Arroyo Grande Valero	Rite Aid
Burke & Pace Lumber Sales	Rooster Creek
Chevron	Rugged Race Products
Donnas Interiors Furniture	Smart & Final
Food 4 Less	Streator Pipe & Supply
Grand Mart	Trader Joes
In N Out Burger	Verizon Wireless
John Deere Landscapes	Wal Mart
Marshalls	
Mason Bar	
McDonalds	



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions.

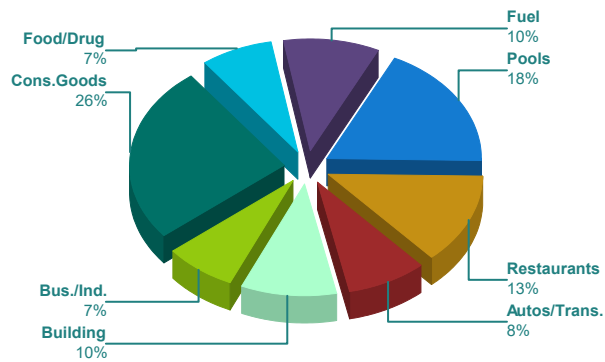
Changes in business structure required a taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

Although indoor dining was available in

many counties, the recovery for restaurants and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

REVENUE BY BUSINESS GROUP
Arroyo Grande This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Arroyo Grande Business Type	Q1 '21	Change	County Change	HdL State Change
Service Stations	89,941	8.3% ↑	0.4% ↑	-4.0% ↓
Building Materials	72,346	57.9% ↑	20.8% ↑	18.9% ↑
Quick-Service Restaurants	52,578	19.3% ↑	10.9% ↑	1.0% ↑
Casual Dining	49,393	-2.6% ↓	-4.2% ↓	-18.9% ↓
Grocery Stores	40,139	2.6% ↑	-4.6% ↓	-6.2% ↓
Garden/Agricultural Supplies	30,351	20.5% ↑	13.4% ↑	8.8% ↑
Home Furnishings	30,281	-11.9% ↓	21.5% ↑	19.3% ↑
Fast-Casual Restaurants	21,202	10.0% ↑	11.2% ↑	1.1% ↑
Electronics/Appliance Stores	20,609	46.0% ↑	5.3% ↑	9.0% ↑
Specialty Stores	17,497	10.8% ↑	14.0% ↑	9.0% ↑

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