Poway
In Brief

Poway’s receipts from October through December were 8.4% above the fourth sales period in 2018, outperforming the state and regional trend.

The largest factor in this improvement was a 44% surge in allocations from the countywide use tax pool, which was boosted by a recent legislative change that allows the State to collect tax revenue from small, third-party sellers on internet-based, market-platforms.

The tight regional housing market also contributed to an exceptional quarter for building-construction suppliers, while an extra payment from a taxpayer that was made in arrears lifted medical and biotech receipts.

Service stations were lower but most of this loss was also related to payment anomalies. Results would have otherwise closely matched the county average.

Net of aberrations, taxable sales for all of San Diego County grew 5.6% over the comparable time period; the Southern California region was up 4.4%.

Top 25 Producers

Arco AM PM
Chef Works
Chevron
Circle K
Costco
Ferguson Enterprises
General Atomics Aeronautical
Genesis Of Poway
Home Depot
Home Goods
Kohls
Lowe’s
Maintex
Mitchell Repair
Mossy Nissan
Neology
Perry Ford of Poway
Poway Chrysler Dodge Jeep Ram
Poway Honda
Quality Reinf"cng
Scion of Poway Toyota of Poway
Stater Bros
Sysco Food Services
Target
Walmart Supercenter

Revenue Comparison

Two Quarters – Fiscal Year To Date (Q3 to Q4)

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<thead>
<tr>
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<th>2018-19</th>
<th>2019-20</th>
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<tbody>
<tr>
<td>Point-of-Sale</td>
<td>$7,007,608</td>
<td>$6,468,533</td>
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<tr>
<td>County Pool</td>
<td>1,060,418</td>
<td>1,267,350</td>
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<td>State Pool</td>
<td>3,542</td>
<td>2,957</td>
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<tr>
<td>Gross Receipts</td>
<td>$8,071,568</td>
<td>$7,738,840</td>
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California Overall

Statewide sales and use tax receipts from 2019’s fourth quarter were 4.2% higher than last year’s holiday quarter after factoring for accounting anomalies.

The increase came from the acceleration in online shopping which generated huge gains in the countywide use tax pools for merchandise shipped from out-of-state and from California based fulfillment warehouses in those cases where the warehouse is also point-of-sale. This segment was further boosted by the first full quarter of California’s implementation of the Wayfair vs South Dakota ruling that requires out-of-state retailers to collect and remit sales tax on merchandise sold to California customers. The ruling has led to an increase in sales tax receipts of roughly $2.95 per capita while also producing double digit gains for in-state online fulfillment centers.

In contrast, soft sales and closeouts resulted in a decline in almost every category of brick-and-mortar spending during the holiday season while new cannabis retailers helped boost what would have been a soft quarter for the food-drug group. Most other sales categories including new cars and business-industrial purchases were also down. Restaurant group gains were modest compared to previous quarters.

Overall, the rise in county pool receipts offset what would have been otherwise, a flat or depressed quarter for most jurisdictions.

Covid-19

The coronavirus impact will first be seen in next quarter’s data reflecting January through March sales. Based on recovery rates being reported in some Asian countries, the virus’s disruption of supply chains will be deepest in the first and second quarter and largely resolved by mid-summer. However, recovery from social distancing and home confinements could take longer with the deepest tax declines expected in the restaurant/hospitality, travel/transportation and brick-and-mortar retail segments. Layoffs and furloughs are also expected to reduce purchases of new cars and other high cost durable goods. The losses from the state’s high-tech innovation industries may be more modest while the food-drug and online retail groups could exhibit increases.

Assuming that the virus is largest contained by the end of September, HdL’s economic scenario projects that tax declines will bottom out in the first quarter of 2021 but with only moderate gains for several quarters after. Data from previous downturns suggests that the return to previous spending is not immediate and often evolves. Businesses emerge with ways to operate with fewer employees and more moderate capital investment. Consumers take time to fully get back to previous levels of leisure travel, dining and spending and may permanently transfer to newly discovered services, activities and/or online retail options.