

CITY OF POWAY

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



POWAY

TOTAL: \$ 4,239,308

2.5%
4Q2020



-1.9%
COUNTY

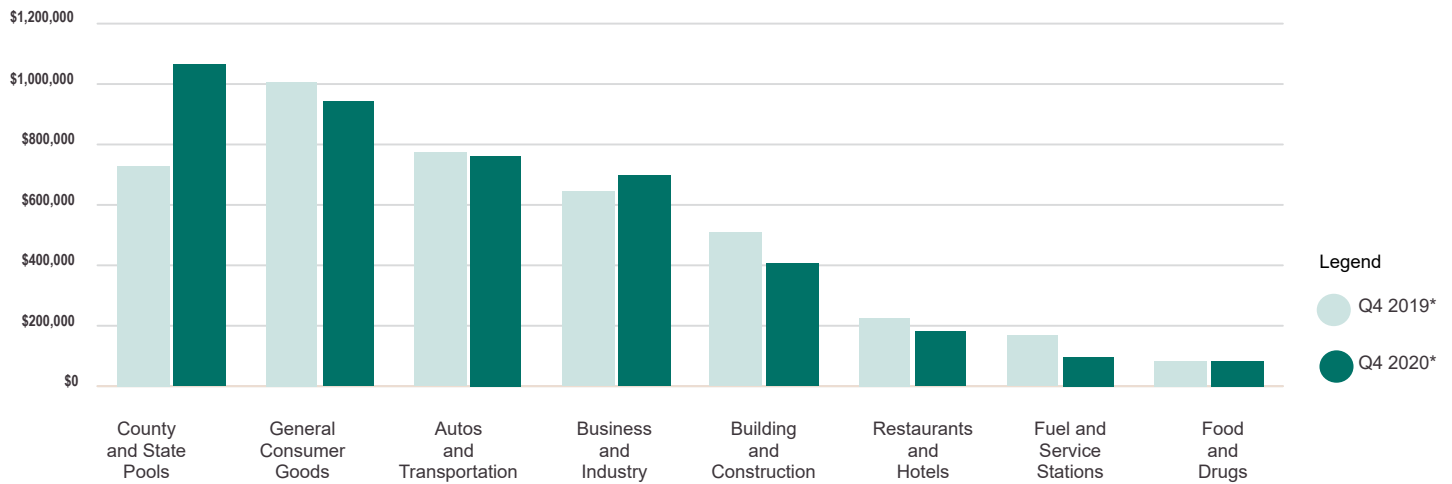


-2.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF POWAY HIGHLIGHTS

Poway's receipts from October through December were 2.5% above the fourth sales period in 2019.

While this was the third quarter of economic impacts due to the pandemic, the City experienced solid quarterly activity from multiple business-industrial suppliers, which includes the recent addition of a new merchant.

Gains from the countywide use tax pool continues to be a bright spot and helped push overall receipts higher. 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 46% 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.

Limited capacity also hurt general consumer retailers during the normal holiday shopping period, and exaggerated returns in the prior year temporarily hampered building-construction results this quarter.

Net of aberrations, taxable sales for all of San Diego County declined 1.9% over the comparable time period; the Southern California region was down 2.7%.



TOP 25 PRODUCERS

Circle K
Costco
Digitalpro
Ferguson Enterprises
General Atomics Aeronautical
Genesis Of Poway
Home Depot
Home Goods
Kohls
Lowe's
Maintex
Mossy Nissan
Neology
Perry Ford of Poway
Poway Chrysler Dodge Jeep Ram
Poway Honda
Quality Reinforcing
Ross

Scion of Poway Toyota
Stater Bros
Sysco Food Services
Target
Tek84
Walmart Supercenter
Williams Scotsman



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.

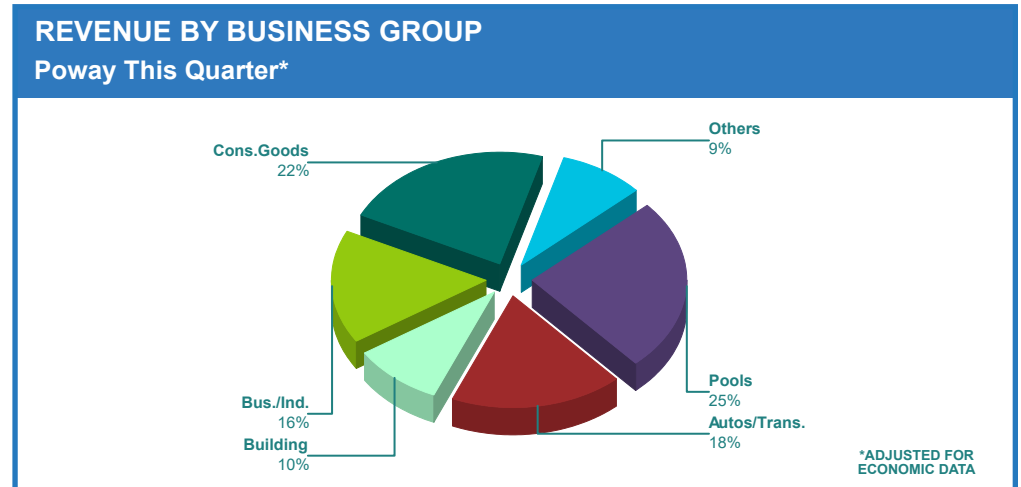
On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

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.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Poway Business Type	Q4 '20*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	598.5	1.9% ↑	8.3% ↑	7.2% ↑
Building Materials	213.8	27.4% ↑	14.7% ↑	17.7% ↑
Service Stations	100.8	-39.6% ↓	-32.2% ↓	-31.2% ↓
Quick-Service Restaurants	89.2	-1.1% ↓	-9.0% ↓	-8.7% ↓
Casual Dining	64.4	-26.7% ↓	-38.6% ↓	-39.4% ↓
Contractors	53.5	-29.6% ↓	6.9% ↑	2.3% ↑
Grocery Stores	51.9	3.0% ↑	7.3% ↑	5.2% ↑
Light Industrial/Printers	49.9	-2.9% ↓	8.3% ↑	-5.0% ↓
Business Services	49.1	29.5% ↑	-20.0% ↓	-16.6% ↓
Auto Lease	46.2	-4.0% ↓	-1.4% ↓	2.2% ↑

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