

# CITY OF POWAY

## SALES TAX UPDATE

### 2Q 2021 (APRIL - JUNE)



**POWAY**

TOTAL: \$ 4,235,594

28.9%  
2Q2021



40.5%  
COUNTY

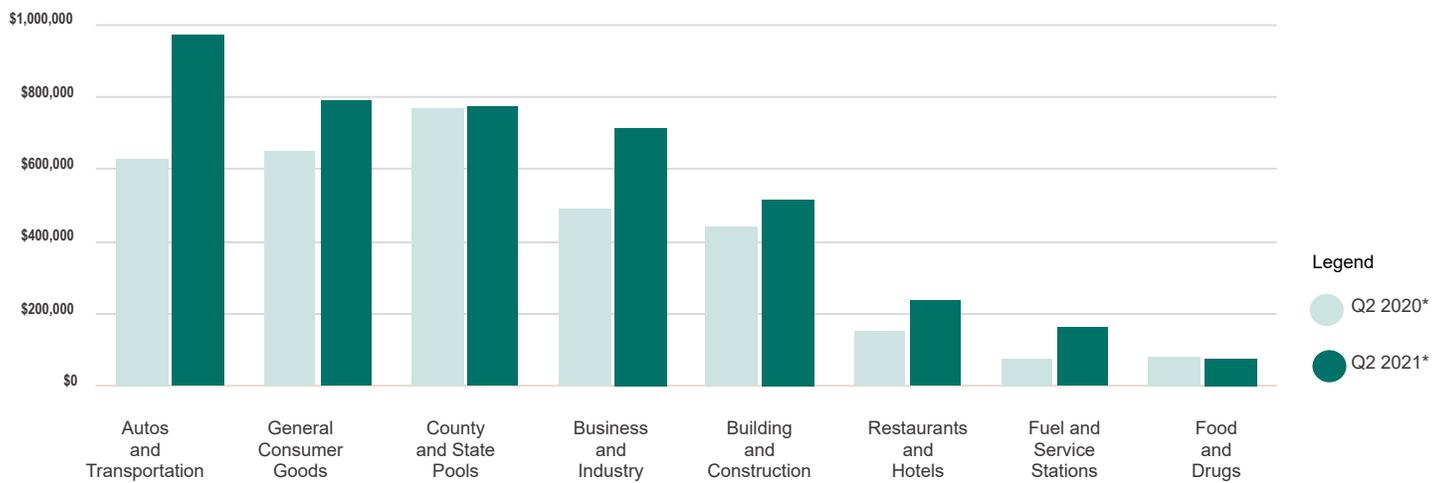


37.3%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF POWAY HIGHLIGHTS

Poway's sales tax receipts from April through June were 22.7% above the second sales period in 2020. Adjustments for delayed payments, audits and other reporting modifications resulted in actual sales that were up 28.9%. Overall place of sale collections soared 37.6% compared to the extreme lows of a year ago.

Even in light of worldwide supply chain challenges, new car sales had a stellar quarter, rocketing 54.7% as people snapped up available inventory. With increased confidence in safety and some money to spend, people returned to in-store shopping. Most merchandise categories posted improved results.

The City's share of the countywide use tax pool allocations edged up 0.4%. The pools remain a key source of local revenue, boosted by taxes on out-of-

state online purchases and surges in online shopping as individuals embrace e-commerce.

Home projects and construction activity elevated building-construction results, assisted by a new operator and a one-time payment from a closed business. Electrical equipment purchases bolstered business-industry receipts.

Casual dining roared back as people once again enjoyed dining out – which may have contributed to reduced grocery store shopping. Similarly, service station revenues spiked as higher gas prices and increased travel propelled receipts back to pre-pandemic levels.

Net of adjustments, taxable sales for all of San Diego County grew 40.5% over the comparable time period; the Southern California region was up 40.3%.



### TOP 25 PRODUCERS

- Circle K
- Costco
- Ferguson Enterprises
- General Atomics Aeronautical
- Home Depot
- Home Goods
- Kohls
- Lowe's
- Maintex
- Mossy Nissan
- Pedder Hyundai of Poway
- Perry Ford of Poway
- Poway Chrysler Dodge Jeep Ram
- Poway Honda
- Poway Hyundai
- Poway Powersports
- Scion of Poway Toyota of Poway

- Stater Bros
- Sysco Food Services
- Target
- United Oil
- Vulcan Materials
- Walmart Supercenter
- Walter Andersen Nursery
- Willscot



**STATEWIDE RESULTS**

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

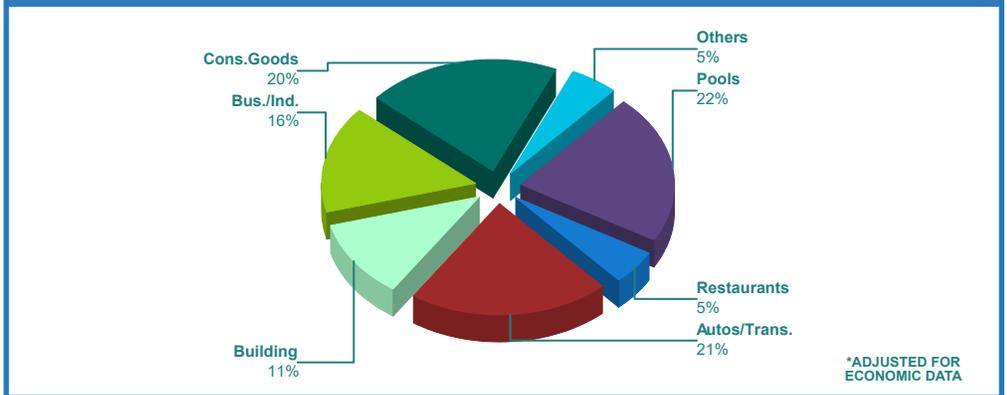
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.

**REVENUE BY BUSINESS GROUP**  
Poway This Fiscal Year\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Poway Business Type	Q2 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	773.0	65.5% ↑	59.7% ↑	55.9% ↑
Electrical Equipment	305.1	74.0% ↑	16.6% ↑	16.6% ↑
Building Materials	233.4	6.6% ↑	18.5% ↑	21.8% ↑
Service Stations	159.8	106.9% ↑	94.0% ↑	73.9% ↑
Contractors	105.2	75.0% ↑	27.4% ↑	21.9% ↑
Casual Dining	101.2	107.9% ↑	153.0% ↑	130.2% ↑
Quick-Service Restaurants	95.7	21.0% ↑	33.9% ↑	28.9% ↑
Business Services	54.8	-1.6% ↓	44.2% ↑	30.8% ↑
Light Industrial/Printers	50.3	17.4% ↑	14.3% ↑	19.4% ↑
Auto Lease	45.3	2.5% ↑	0.6% ↑	3.3% ↑

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