

# CITY OF SEAL BEACH

## SALES TAX UPDATE

### 2Q 2021 (APRIL - JUNE)



#### SEAL BEACH

TOTAL: \$ 1,160,514

41.1%  
2Q2021



37.6%  
COUNTY

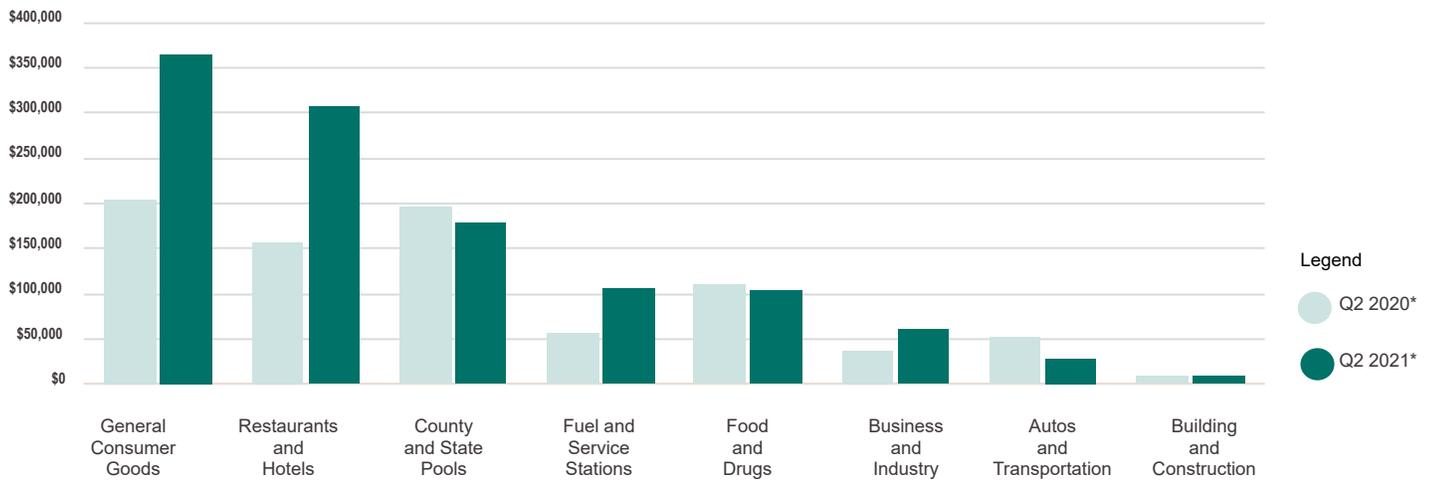


37.3%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure BB

TOTAL: \$1,502,114

↑ 39.1%



#### CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from April through June were 18.7% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 41.1%.

General consumer goods saw positive growth in 2Q21 as consumers began to return to in-person shopping, work, and leisure activities. The restaurant-hotel sector has posted increases as indoor dining resumed in March 2021, despite impacts from the COVID-19 Delta variant and labor shortages.

The loosening of COVID restrictions in recent months has led to a rapid recovery in global demand for crude oil. The price of a barrel of oil has more than doubled

when compared to the same period in the prior year, resulting in higher prices at the pump.

Business-industry experienced a temporary increase due to a large, one time use tax payment.

The City's share of the countywide use tax pool decreased 8.3% when compared to the same period.

Measure BB, the City's voter-approved 1.0% transactions and use tax, is up 39.1% when compared to the same period in the prior year. The growth was led by increases from restaurants-hotels and fuel-service stations.



#### TOP 25 PRODUCERS

- |                          |                        |
|--------------------------|------------------------|
| 320 Main                 | Old Ranch Country Club |
| 76                       | Original Parts Group   |
| Bed Bath & Beyond        | Pavilions              |
| Burlington               | Petsmart               |
| Chevron                  | Ralphs                 |
| Chick Fil A              | Roger Dunn Golf Shops  |
| CVS Pharmacy             | Seal Beach             |
| Energy Tubulars          | Spaghettini            |
| Home Goods               | Target                 |
| In N Out Burger          | Ulta Beauty            |
| Kobe Japanese Steakhouse |                        |
| Kohls                    |                        |
| Madaluxe Group           |                        |
| Marshalls                |                        |
| Mobil                    |                        |



**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 2<sup>nd</sup> 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

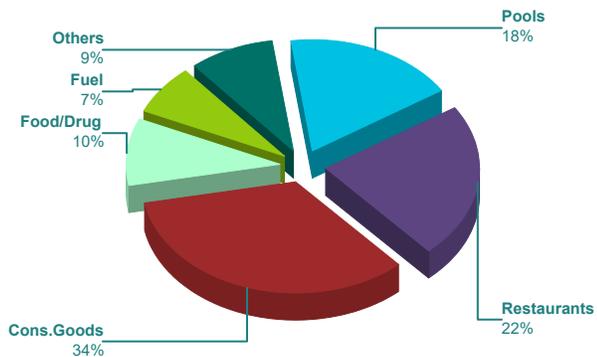
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

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**  
Seal Beach This Fiscal Year\*



\*ADJUSTED FOR ECONOMIC DATA

**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Seal Beach Business Type	Q2 '21	Change	County Change	HdL State Change
Casual Dining	173,509	136.1% ↑	134.1% ↑	130.2% ↑
Service Stations	91,854	79.3% ↑	82.1% ↑	73.9% ↑
Quick-Service Restaurants	70,368	16.5% ↑	26.5% ↑	28.9% ↑
Family Apparel	54,097	138.2% ↑	172.6% ↑	230.5% ↑
Home Furnishings	49,399	195.3% ↑	97.9% ↑	88.5% ↑
Specialty Stores	34,545	94.4% ↑	64.8% ↑	67.7% ↑
Sporting Goods/Bike Stores	27,934	21.6% ↑	41.2% ↑	35.8% ↑
Women's Apparel	27,106	342.4% ↑	296.6% ↑	266.8% ↑
Fast-Casual Restaurants	23,584	44.9% ↑	37.8% ↑	43.8% ↑
Electronics/Appliance Stores	18,740	177.9% ↑	89.9% ↑	52.7% ↑

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