

CITY OF SEAL BEACH

SALES TAX UPDATE

1Q 2021 (JANUARY - MARCH)



SEAL BEACH

TOTAL: \$ 920,891

1.8%
1Q2021



7.2%
COUNTY

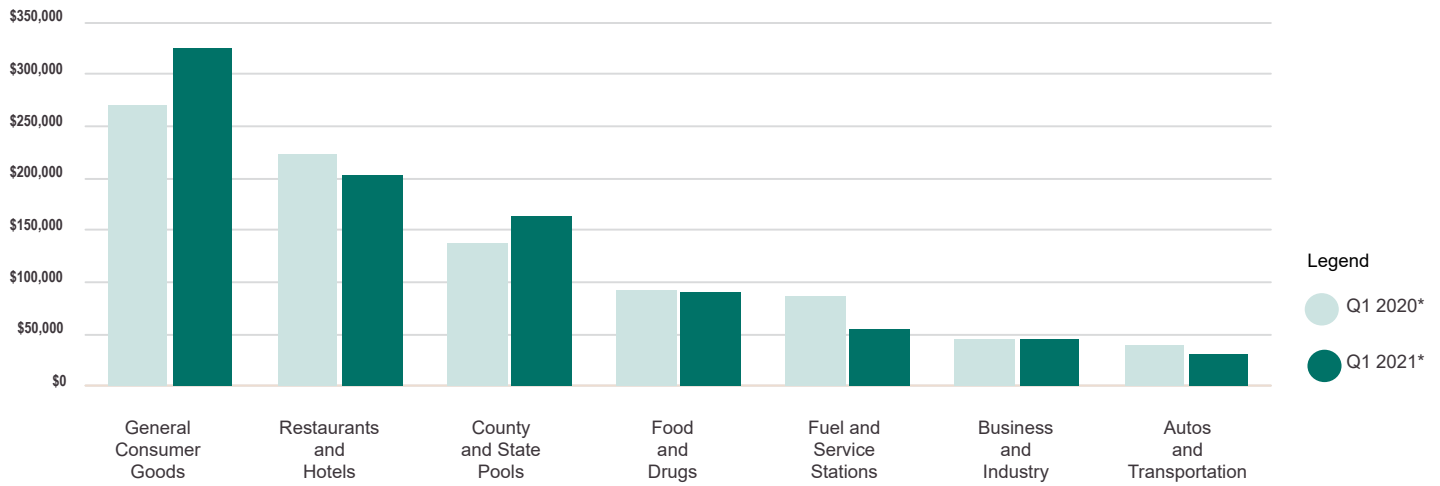


9.5%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure BB

TOTAL: \$1,256,875

7.9%



CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from January through March were 31.6% above the first sales period in 2020. Excluding reporting aberrations, actual sales were up 1.8%.

The City experienced overall growth mainly attributable to ongoing strong performance in the countywide use tax pool and strong returns in the general consumer goods sector including home furnishings, family apparel, sporting goods, electronics/appliance stores, which exceeded state and county trends for the third consecutive quarter.

Positive dining activity was realized from quick service restaurants.

The pandemic continued to cause a significant reduction in consumption and demand for fuel, and this resulted in a reduction in service station receipts. Casual and fast casual dining was also down which offset the overall net gain.

The City's Transaction and Use Tax Measure BB generated 136.8% of the Bradley Burns amount.

Net of aberrations, taxable sales for all of Orange County grew 7.2% over the comparable time period; the Southern California region was up 9.0%.



TOP 25 PRODUCERS

76
Bed Bath & Beyond
Burlington
Chevron
Chick Fil A
CVS Pharmacy
Home Goods
In N Out Burger
Kohls
Leisure World
Automotive 76
Marshalls
McDonalds
Old Ranch Country Club
Original Parts Group
Pavilions

Petsmart
Ralphs
Roger Dunn Golf Shop
Seal Beach
Spaghettini
Sprouts Farmers Market
Staples
Surveillance One
Target
Ulta Beauty



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.

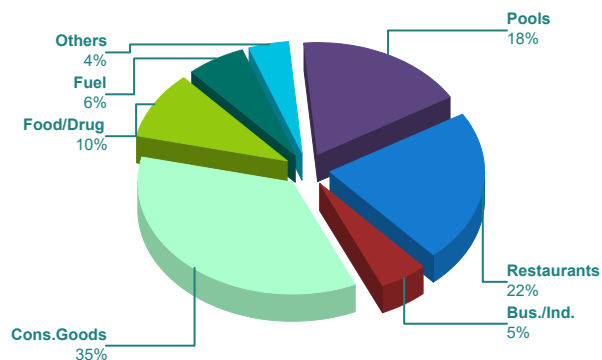
Changes in business structure required a taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to 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 Seal Beach This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q1 '21	Change	County Change	HdL State Change
Casual Dining	99,212	-10.9% ↓	-10.3% ↓	-18.9% ↓
Quick-Service Restaurants	63,550	3.2% ↑	1.3% ↑	1.1% ↑
Home Furnishings	52,052	40.6% ↑	11.2% ↑	19.3% ↑
Service Stations	50,666	-35.2% ↓	-4.6% ↓	-4.0% ↓
Family Apparel	44,230	36.1% ↑	23.3% ↑	20.5% ↑
Specialty Stores	30,624	8.3% ↑	5.7% ↑	9.0% ↑
Sporting Goods/Bike Stores	29,939	61.8% ↑	46.4% ↑	33.3% ↑
Fast-Casual Restaurants	20,195	-15.8% ↓	-1.8% ↓	1.2% ↑
Women's Apparel	18,154	-4.0% ↓	0.5% ↑	-2.4% ↓
Electronics/Appliance Stores	17,307	36.1% ↑	-5.2% ↓	9.0% ↑

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