

CITY OF SEAL BEACH

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



SEAL BEACH

TOTAL: \$ 1,016,589

-6.1%
3Q2020



-1.7%
COUNTY

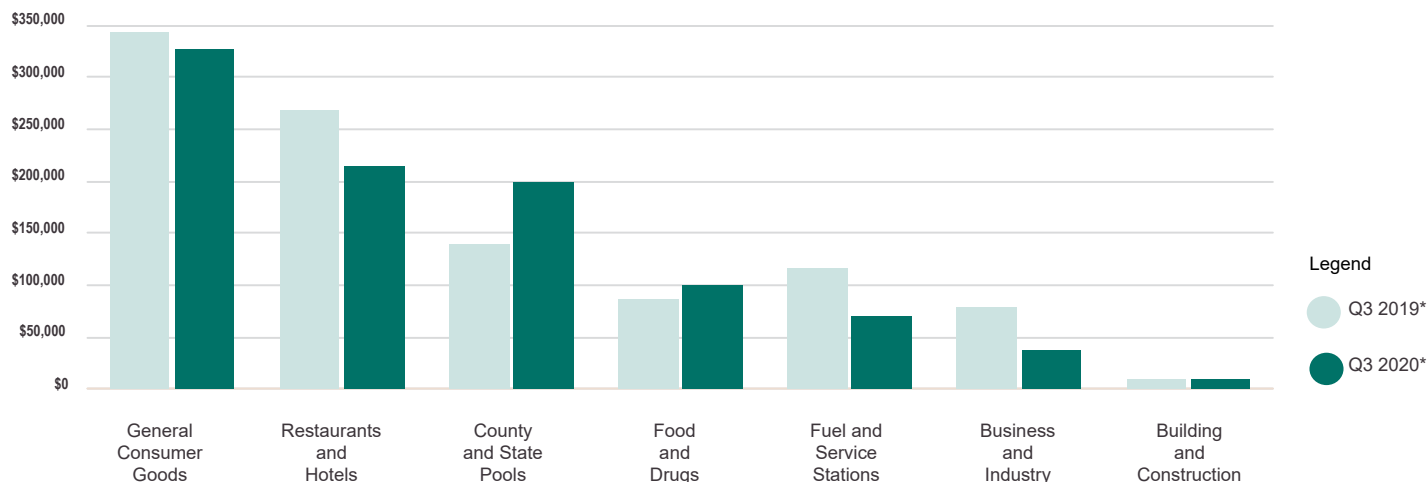


-0.9%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure BB

TOTAL: \$1,359,039

↑ 7.7%



CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from July through September were flat compared to the third sales period in 2019. Excluding reporting aberrations, actual sales were down 6.1%.

COVID-19 continued to have an impact on the City's local economy in the third quarter. With the restaurants and hotel sector continuing to take the biggest hit, casual and fast casual dining activity was significantly lower.

A continued drop in demand for oil pushed service station receipts down, and the restriction imposed on capacity of customers negatively impacted women's apparel stores.

The counter to this overall loss was realized from an ongoing strong growth in the county and state pools attributable to the full implementation of Wayfair in 2019 and a permanent ongoing increase in online sales. Positive growth in food and drugs, sporting goods/bike stores, family apparel, and home furnishings also helped to offset the net quarterly decline.

The City's Transaction and Use Tax Measure BB generated 134.2% of the Bradley Burns amount. Net of aberrations, taxable sales for all of Orange County declined 1.7% over the comparable time period; the Southern California region was down 1.5%.



TOP 25 PRODUCERS

76	Ralphs
Bed Bath & Beyond	Rite Aid
California Pizza Kitchen	Roger Dunn Golf Shop
Chevron	Seal Beach
Chick Fil A	Spaghettini
CVS Pharmacy	Sprouts Farmers Market
Home Goods	Staples
In N Out Burger	Target
Kohls	Ulta Beauty
Mahe	
Marshalls	
McDonalds	
Mobil	
Original Parts Group	
Pavilions	
Petsmart	



STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last

year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

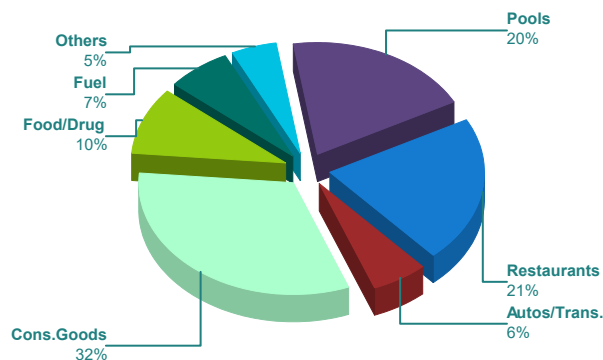
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up

of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

REVENUE BY BUSINESS GROUP Seal Beach This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q3 '20	Change	County Change	HdL State Change
Casual Dining	109,209	-20.3% ↓	-33.0% ↓	-38.0% ↓
Quick-Service Restaurants	68,693	0.3% ↑	-8.8% ↓	-10.3% ↓
Service Stations	67,943	-31.3% ↓	-34.5% ↓	-29.0% ↓
Home Furnishings	53,858	9.9% ↑	-6.7% ↓	-3.5% ↓
Family Apparel	41,972	10.0% ↑	-19.1% ↓	-24.4% ↓
Sporting Goods/Bike Stores	38,486	50.3% ↑	22.3% ↑	22.0% ↑
Specialty Stores	29,138	-1.0% ↓	-12.7% ↓	-8.7% ↓
Fast-Casual Restaurants	21,379	-25.3% ↓	-16.0% ↓	-14.2% ↓
Women's Apparel	18,948	-42.7% ↓	-46.4% ↓	-48.0% ↓
Electronics/Appliance Stores	15,581	-1.7% ↓	-22.5% ↓	-21.1% ↓

*Allocation aberrations have been adjusted to reflect sales activity