

CITY OF SEAL BEACH

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



SEAL BEACH

TOTAL: \$ 1,203,424

18.5%
3Q2021



19.1%
COUNTY

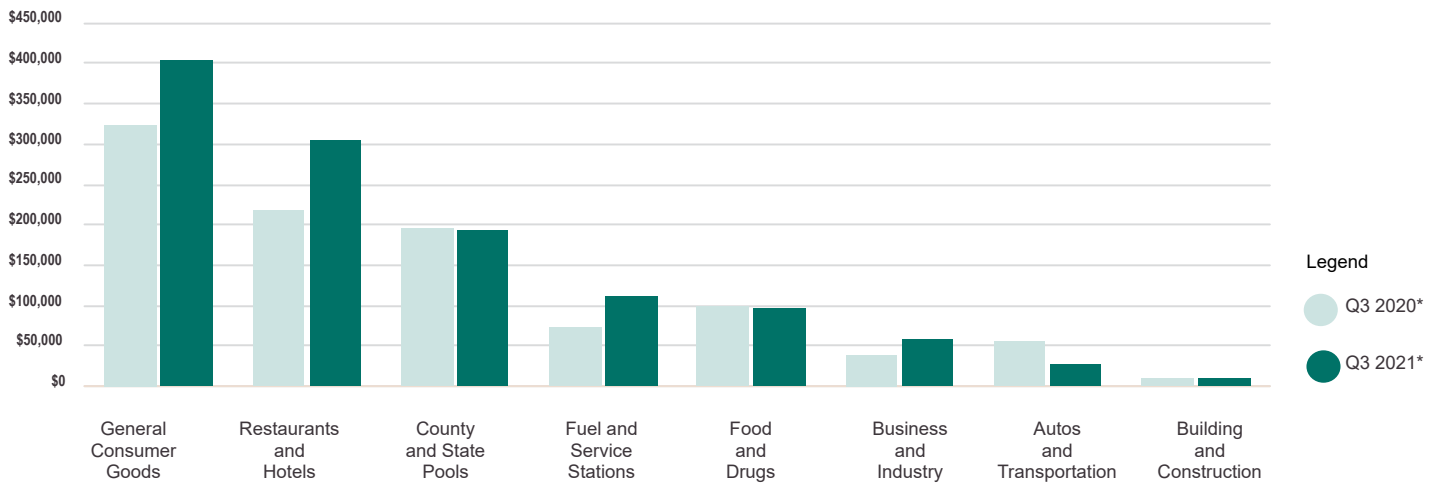


18.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure BB

TOTAL: \$1,515,025

↑ 11.2%



CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from July through September were 12.9% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 18.5%.

The largest factor in this improvement was a 56% rebound in casual dining restaurant receipts compared to last year, a time when many eateries were closed for indoor seating amid the pandemic. Newly vaccinated residents were anxious to leave the house and dine-out again.

Family apparel and other general consumer goods retailers were boosted by a strong back to school shopping season after a year of distanced learning.

Service station receipts were also higher as gasoline prices surged above \$4.50 per gallon across the State.

Measure BB, Seal Beach's voter approved add-on sales tax, increased 11.2%, which was slightly less than the rate of improvement for sales tax results previously discussed. This was due, in part, to slowing online purchases compared to last year's pandemic peak.

Net of aberrations, taxable sales for all of Orange County grew 19.1% over the comparable time period; the Southern California region was up 19.9%.



TOP 25 PRODUCERS

76	Pavilions
Bed Bath & Beyond	Petsmart
Burlington	Ralphs
Chevron	Roger Dunn Golf Shops
Chick Fil A	Seal Beach
CVS Pharmacy	Spaghettini
Energy Tubulars	Staples
Home Goods	Target
In N Out Burger	Ulta Beauty
Kobe Japanese Steakhouse	Walts Wharf
Kohls	
Marshall's	
Mobil	
Old Ranch Country Club	
Original Parts Group	



STATEWIDE RESULTS

Local one cent sales and use tax receipts for sales occurring July through September were 18% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These aberrations had been much greater than normal in the last two years as the Governor's Executive Orders allowed businesses to defer some sales tax payments as a supportive measure during the pandemic. This program has now expired, and merchant remittances are more consistent, making cash receipts more reflective of underlying economic activity.

The prior year comparison quarter was the start of the pandemic recovery, and the strong growth enjoyed since continued with the recent results.

Surprisingly, one of the stronger sectors has been restaurants and hotels. Originally forecasted to take an extended amount of time to recover, statewide sales tax generated during the summer months exceeded amounts from pre-pandemic 2019. Even with the availability of indoor and outdoor dining, pent up demand resulted in long wait times to enjoy local culinary experiences. When combined with increasing restaurant tabs as the cost of food and staff wages surge, sales tax remittances are expected to continue growing. Additionally, while the industry awaits the return of foreign tourism in metropolitan areas, strong domestic travel has helped varied regions around the state especially Southern California and the Central Coast.

Receipts from general consumer goods marked a steady recovery, led by apparel retailers, jewelry, electronic/appliance and specialty outlets. Discount department stores, especially those selling gas, helped exemplify the strength of brick-and-mortar

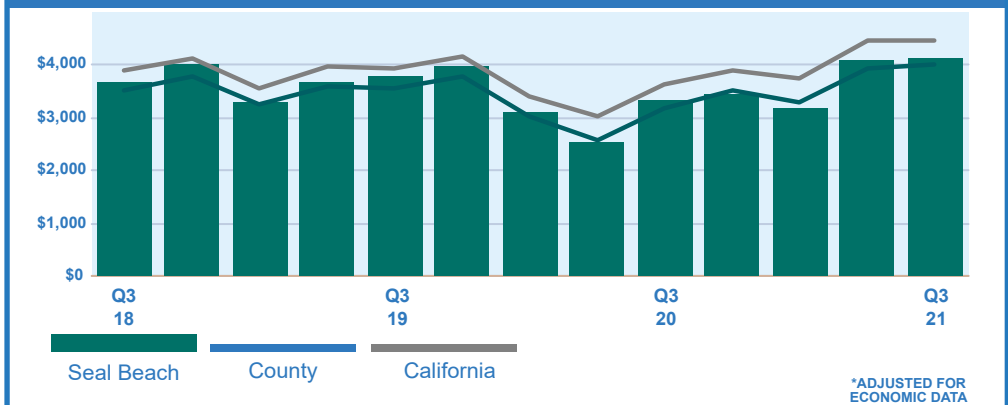
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome sign leading up to the holiday shopping period.

Although car dealers had expressed concerns about inventory shortages due to supply chain disruptions and computer chip shortages earlier in the year, the sale of new and used vehicles posted solid gains regardless. Higher property values and good weather contributed to strong building

materials and contractor returns. As commuting workers and travelers returned to the road with increased gas prices, fuel and service stations also experienced a dramatic recovery.

Overall growth is expected to continue through the end of the 2021 calendar year. Possible headwinds into 2022 include: pent up demand for travel and experiences shifting spending away from taxable goods; higher prices for fuel, merchandise and services displacing more of consumer's disposable income; and expected interest rate hikes resulting in more costly financing for automobiles, homes, and consumer loans.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q3 '21*	Change	County Change	HdL State Change
Casual Dining	168.1	56.0% ↑	64.7% ↑	68.3% ↑
Service Stations	98.1	37.7% ↑	62.8% ↑	53.6% ↑
Quick-Service Restaurants	70.9	3.0% ↑	15.5% ↑	13.5% ↑
Sporting Goods/Bike Stores	60.0	56.2% ↑	9.5% ↑	2.3% ↑
Family Apparel	58.2	39.6% ↑	44.9% ↑	39.0% ↑
Home Furnishings	53.7	8.5% ↑	11.9% ↑	11.0% ↑
Specialty Stores	34.1	19.9% ↑	22.0% ↑	21.4% ↑
Women's Apparel	26.6	40.1% ↑	74.8% ↑	67.8% ↑
Fast-Casual Restaurants	24.3	14.2% ↑	16.2% ↑	18.9% ↑
Electronics/Appliance Stores	16.6	4.4% ↑	24.5% ↑	19.7% ↑

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*In thousands of dollars