

CITY OF LEMON GROVE

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



LEMON GROVE

TOTAL: \$ 1,631,819

18.0%
4Q2020



-1.9%
COUNTY

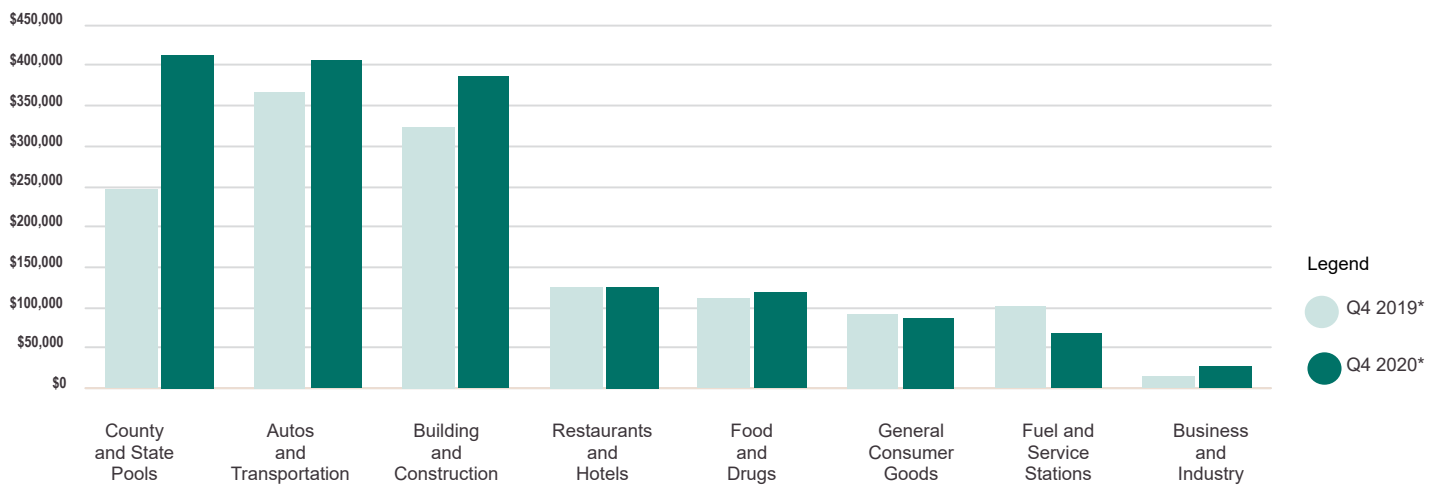


-2.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF LEMON GROVE HIGHLIGHTS

Lemon Grove's receipts from October through December were 15.9% above the fourth sales period in 2019. However, tax payment deferrals offered by the State has temporarily delayed actual receipts. Once estimated payments are incorporated into the data and reporting aberrations excluded, actual sales were up 18.0%.

While this was the third quarter of economic impacts due to the pandemic, the City experienced another strong growth period from building material suppliers, consistent with the county and statewide trend. The current stable housing market supported by favorable interest rates, and increased equity available to homeowners all contributed to this rise.

Also, new auto sales were strong as buyers have taken advantage of low

finance conditions.

Gains from the countywide use tax pool continues to be a bright spot. With more online purchases being made and a greater number of out-of-state retailers collecting and remitting local sales tax, the City's share jumped 67% compared to a year ago.

As expected, with reduced commuter frequency and lower gas prices, gas stations remain heavily impacted.

Net of aberrations, taxable sales for all of San Diego County declined 1.9% over the comparable time period; the Southern California region was down 2.7%.



TOP 25 PRODUCERS

Albertsons	RCP Block & Brick
Arco AM PM	Shell
Boulevard	Sprouts Farmers Market
Chevron	Takeoff Technologies
Discount Tire	Texaco
EW Truck & Equipment	Thompson Building Materials
Food 4 Less	Toyota Lease Trust
Golden State Gasoline	USA Gasoline
GTM Discount General Store	
Harbor Freight Tools	
Home Depot	
Honda Lease Trust	
In N Out Burger	
Jack in the Box	
Larry H Miller Toyota	
Lemon Grove	
McDonalds	
Mossy Honda Lemon Grove	



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

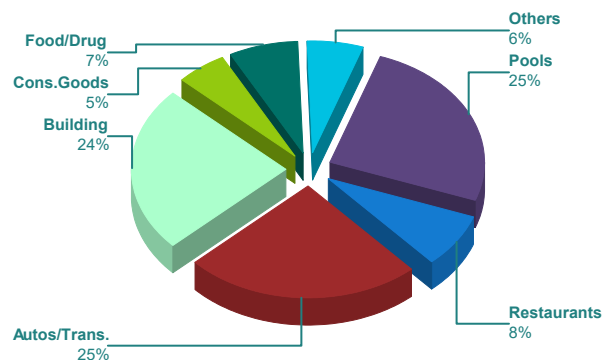
The building-construction sector, with 1) increased price of goods – like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset

the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

REVENUE BY BUSINESS GROUP Lemon Grove This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Lemon Grove Business Type	Q4 '20*	Change	County Change	HdL State Change
Building Materials	339.3	18.5% ↑	14.7% ↑	17.7% ↑
Quick-Service Restaurants	99.7	9.8% ↑	-9.0% ↓	-8.7% ↓
Service Stations	68.8	-32.8% ↓	-32.2% ↓	-31.2% ↓
Grocery Stores	66.0	-10.6% ↓	7.3% ↑	5.2% ↑
Automotive Supply Stores	26.9	3.4% ↑	2.4% ↑	3.3% ↑
Variety Stores	25.9	-13.8% ↓	-5.6% ↓	3.6% ↑
Auto Lease	25.2	2.1% ↑	-1.4% ↓	2.2% ↑
Convenience Stores/Liquor	20.7	-5.4% ↓	-3.7% ↓	-2.0% ↓
Specialty Stores	19.7	-4.8% ↓	-8.2% ↓	-6.8% ↓
Casual Dining	16.1	-35.7% ↓	-38.6% ↓	-39.4% ↓

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*In thousands of dollars