

CITY OF LEMON GROVE

SALES TAX UPDATE

1Q 2021 (JANUARY - MARCH)



LEMON GROVE

TOTAL: \$ 1,566,267

14.5%
1Q2021



7.4%
COUNTY

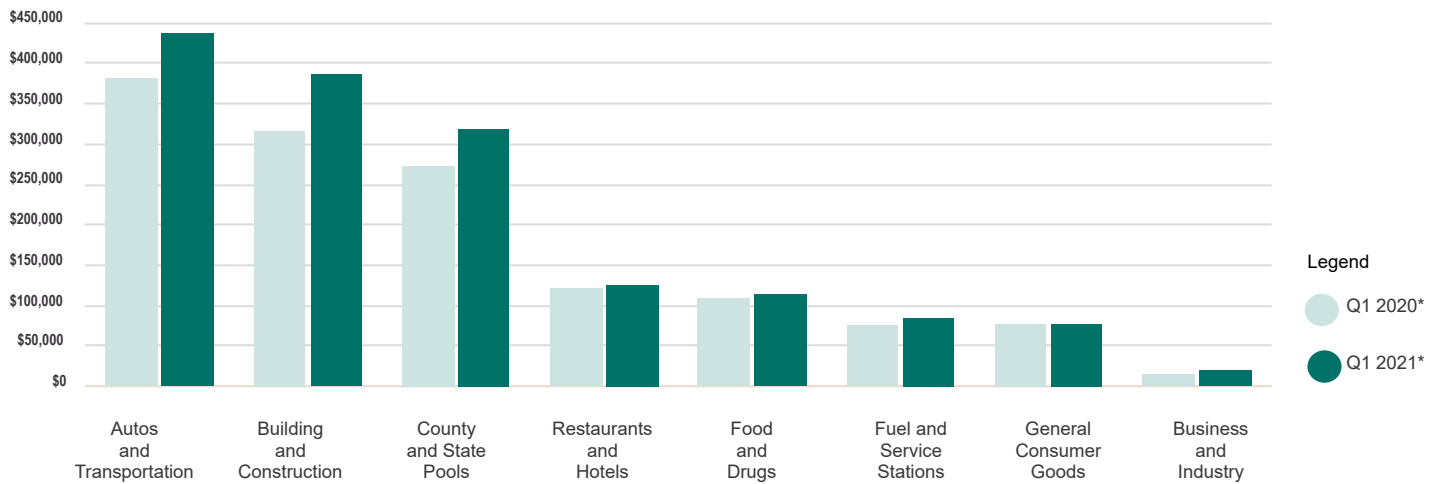


9.5%
STATE



**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 January through March were 25.1% above the first sales period in 2020. Excluding reporting aberrations, actual sales were up 14.5%.

The booming housing market propelled the sale of building materials to a 20% increase.

Auto-transportation related sales were also very strong. Local fast-food restaurants posted a 13% gain, outperforming the 1% statewide trend.

Allocations from the San Diego Pool jumped 17% as internet sales continued to surge. The use tax pool is where much of the money from internet transactions is allocated.

Conversely, grocery stores were down as the pandemic stockpiling surge waned in

comparison to the early days of the crisis last year.

Net of aberrations, taxable sales for all of San Diego County grew 7.4% over the comparable time period; the Southern California region was up 9.0%.



TOP 25 PRODUCERS

Albertsons
Arco AM PM
AutoZone
Boulevard
Chevron
Discount Tire
EW Truck & Equipment Company
Food 4 Less
Golden State Gasoline
GTM Discount General Store
Harbor Freight Tools
Home Depot
Honda Lease Trust
In N Out Burger
Larry H Miller Toyota
McDonalds
Mobil

Mossy Honda Lemon Grove
RCP Block & Brick
Shell
Sprouts Farmers Market
T Mobile
Texaco
Thompson Building Materials
Toyota Lease Trust



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

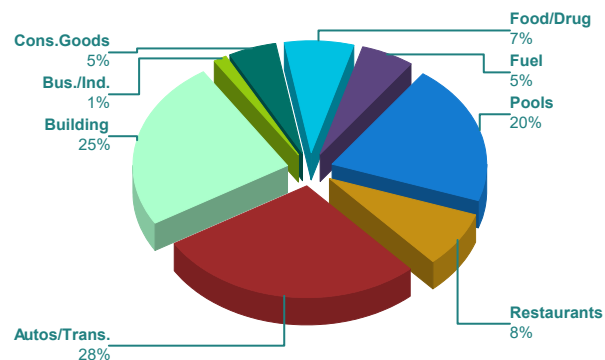
taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With 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 Lemon Grove This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Lemon Grove Business Type	Q1 '21*	Change	County Change	HdL State Change
Building Materials	339.0	20.4% ↑	15.9% ↑	19.0% ↑
Quick-Service Restaurants	99.8	12.8% ↑	2.7% ↑	1.1% ↑
Service Stations	85.9	13.9% ↑	-1.5% ↓	-4.0% ↓
Grocery Stores	58.4	-20.1% ↓	-6.2% ↓	-6.2% ↓
Automotive Supply Stores	31.6	22.6% ↑	15.0% ↑	13.7% ↑
Auto Lease	26.4	9.2% ↑	-3.8% ↓	-1.1% ↓
Convenience Stores/Liquor	22.9	13.6% ↑	12.6% ↑	11.1% ↑
Casual Dining	15.7	-32.0% ↓	-18.3% ↓	-18.9% ↓
Electronics/Appliance Stores	15.6	53.9% ↑	-2.6% ↓	9.0% ↑
Used Automotive Dealers	14.8	15.7% ↑	-2.0% ↓	10.3% ↑

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*In thousands of dollars