

CITY OF DAVIS

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



DAVIS

TOTAL: \$ 2,180,727

23.7%
3Q2021



10.9%
COUNTY

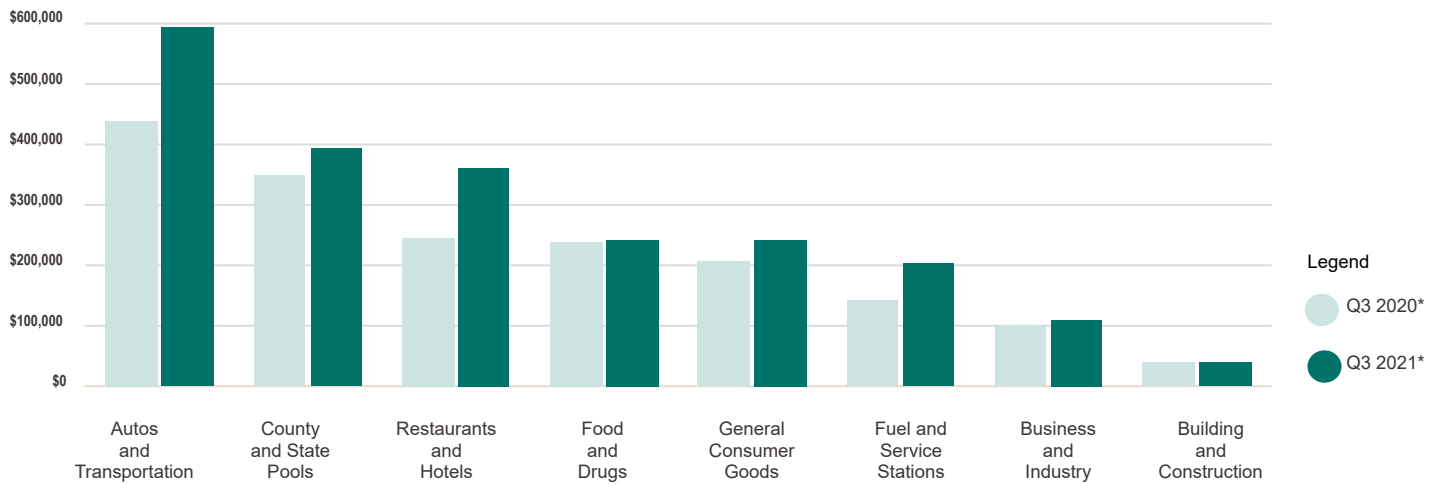


18.3%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure O

TOTAL: \$2,640,058

↑ 10.3%



CITY OF DAVIS HIGHLIGHTS

Davis' receipts from July through September were 26.3% above the third sales period in 2020. After reporting modifications, actual sales grew 23.7%. Overall place of sale collections soared 26.5% compared to the lows of a year.

The summer months brought folks out to the car lots again, and new and used auto sales boomed as buyers snapped up remaining inventories. Once again, high merchandise sales reflected a return to in-store shopping as people felt safer out in public. Similarly, the City's share of the countywide use tax pool allocations rose 12.6%. The pools remain a solid source of revenue, boosted by taxes on online purchases as people continue to embrace

the convenience of e-commerce.

Casual dining roared back (up 78% from a year ago!) as people enjoyed dining out – which may have contributed to reduced food-drug shopping. Similarly, service station revenues spiked as higher gas prices and increased travel propelled receipts back to pre-pandemic levels.

Growth in voter-approved Measure O was led by merchandise and auto sales.

Net of adjustments, taxable sales for all of Yolo County grew 10.9% over the comparable time period; the Sacramento region was up 16.6%.



TOP 25 PRODUCERS

Andersen Davis Shell	Hanlees Nissan
Arco AM PM	Hanlees Toyota
Boise Mobile Equipment	La Mesa RV Center
Chiles Rd Chevron	McDonalds
Circle K	Mikuni Japanese Restaurant & Sushi Bar
Crepeville	Nugget Market
CVS Pharmacy	Safeway
Davis 1Stop	Shottenkirk Honda Of Davis
Davis Ace Hardware & Aggie Hardware	Stiizy Retail
El Macero Valero	Target
F Street Dispensary	TJ Maxx
Fast & Easy Davis	
Hanlees Chevrolet	
Hanlees Chrysler Dodge Jeep Ram Kia	



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

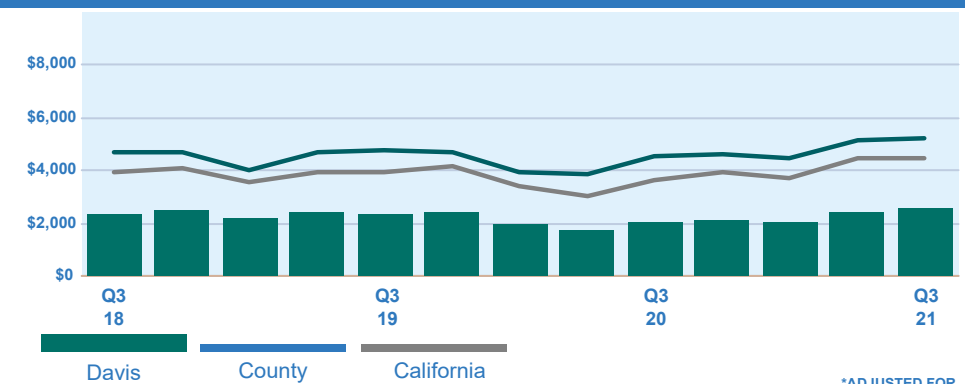
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome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

Davis Business Type	Q3 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	361.3	2.6% ↑	-3.6% ↓	18.9% ↑
Casual Dining	202.5	68.1% ↑	71.8% ↑	68.3% ↑
Service Stations	202.1	41.9% ↑	46.6% ↑	53.6% ↑
Grocery Stores	99.4	0.8% ↑	-1.6% ↓	-0.2% ↓
Quick-Service Restaurants	92.3	20.2% ↑	18.7% ↑	13.5% ↑
Cannabis Related	86.8	-5.8% ↓	-5.8% ↓	-0.6% ↓
Fast-Casual Restaurants	60.7	32.0% ↑	19.5% ↑	18.9% ↑
Used Automotive Dealers	35.4	13.3% ↑	-0.7% ↓	16.5% ↑
Drug Stores	28.6	19.7% ↑	7.3% ↑	5.1% ↑
Convenience Stores/Liquor	26.8	9.5% ↑	7.7% ↑	-0.3% ↓

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*In thousands of dollars