

# CITY OF ELK GROVE

## SALES TAX UPDATE

### 3Q 2020 (JULY - SEPTEMBER)



#### ELK GROVE

TOTAL: \$ 8,240,908

7.1%  
3Q2020



4.3%  
COUNTY

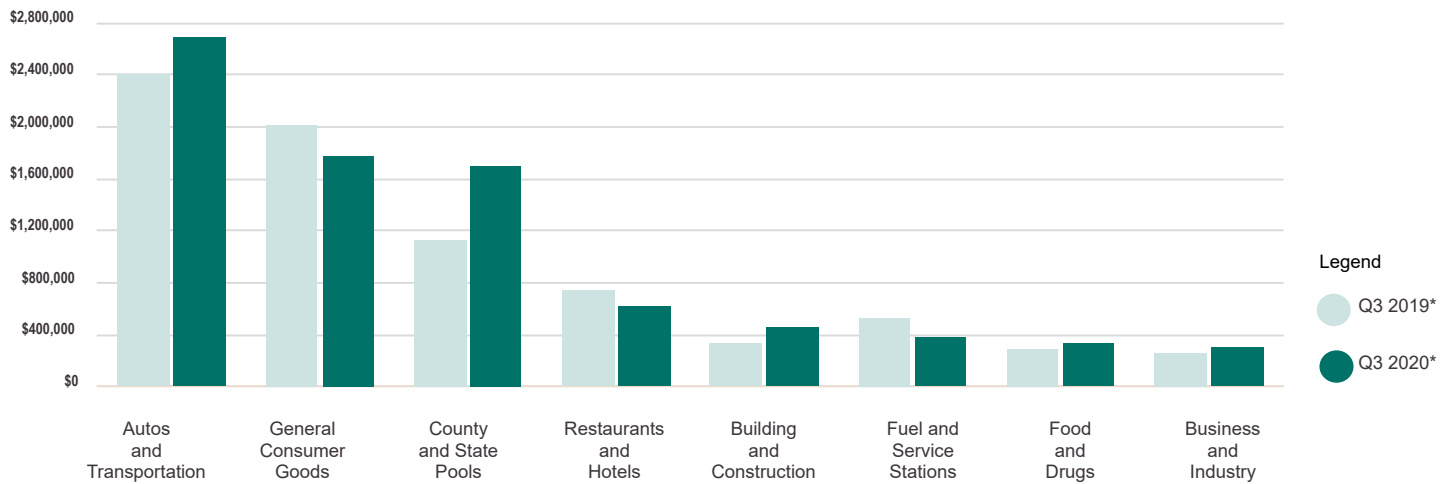


-0.9%  
STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF ELK GROVE HIGHLIGHTS

Elk Grove's receipts from July through September were 8.7% above the third sales period in 2019. Excluding reporting aberrations, actual sales were up 7.1%.

The poor performance due to the ongoing pandemic did not permeate all major industry groups. New motor vehicle sales grew 12.2%. High demand for home improvement projects led to building-construction to grow 33% and home furnishings to grow 19.5%.

The biggest bright spot continues to be the allocation from the countywide pool; a surge in online purchasing due to the pandemic and AB 147 marketplace facilitators adding new taxes combined to boost this group 49%, creating the overall positive outcome for the quarter.

Fuel and service stations continue to be the hardest hit group with persistent low prices at the pumps and few drivers, the taxes generated have declined 29.6%. While quick-service restaurants have only posted slight declines, the continued capacity restrictions have caused casual dining to decline 30.2%. The decline in general consumer goods was led by the 30% drop in electronic stores and the 21% decline in family apparel.

Net of aberrations, taxable sales for all of Sacramento County grew 4.3% over the comparable time period; the Sacramento region was up 3.8%.



#### TOP 25 PRODUCERS

- Apple
- Bel Air Market
- Best Buy
- Costco
- EG Dodge/Jeep/Chry/Audi/VW/Subaru
- Elk Grove Acura
- Elk Grove Buick GMC
- Elk Grove Ford
- Elk Grove Honda
- Elk Grove Kia
- Elk Grove Power Sports
- Elk Grove Toyota
- Enterprise Rent A Car
- Green Acres Nursery & Supply
- Home Depot
- Infiniti of Elk Grove
- Kohls
- Laguna 76
- Maita Chevrolet
- Niello BMW
- Nissan/Mazda of Elk Grove
- RVs Of Sacramento
- Slakey Brothers
- Target
- Walmart



**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.

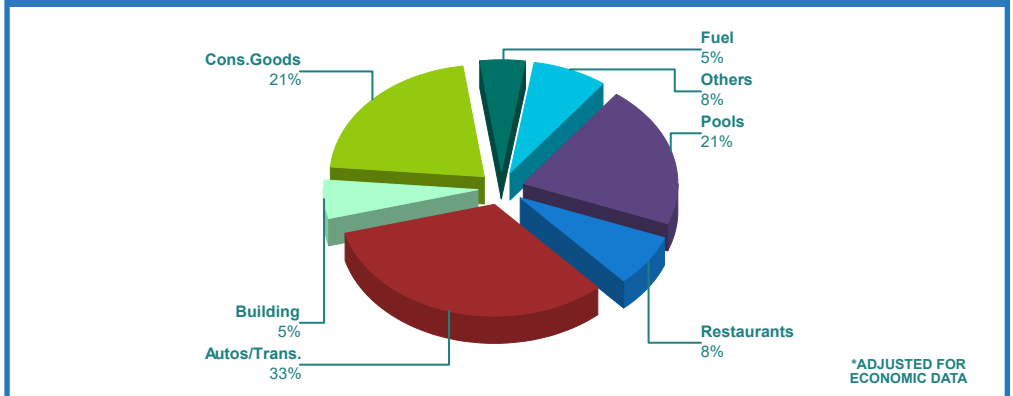
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until 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**  
Elk Grove This Quarter\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Elk Grove Business Type	Q3 '20*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,278.5	12.2% ↑	7.5% ↑	5.8% ↑
Electronics/Appliance Stores	532.2	-30.9% ↓	-23.7% ↓	-21.1% ↓
Service Stations	373.1	-29.6% ↓	-25.5% ↓	-29.0% ↓
Quick-Service Restaurants	274.3	-0.8% ↓	-1.4% ↓	-10.3% ↓
Casual Dining	254.9	-30.2% ↓	-38.3% ↓	-37.9% ↓
Grocery Stores	181.8	12.8% ↑	8.9% ↑	7.2% ↑
Specialty Stores	133.5	9.7% ↑	5.0% ↑	-8.5% ↓
Family Apparel	109.7	-21.2% ↓	-14.8% ↓	-24.4% ↓
Home Furnishings	107.7	19.5% ↑	9.9% ↑	-3.3% ↓
Contractors	99.8	6.5% ↑	-5.0% ↓	-5.7% ↓

\*Allocation aberrations have been adjusted to reflect sales activity      \*In thousands of dollars