

CITY OF POWAY

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



POWAY

TOTAL: \$ 4,300,413

13.8%
3Q2021



18.2%
COUNTY

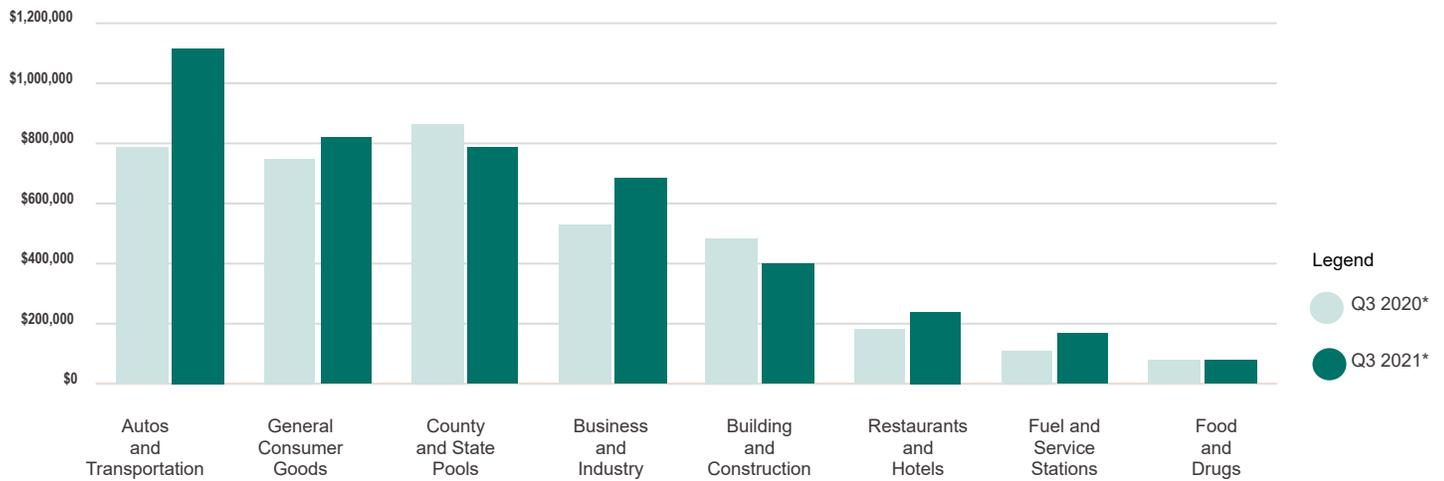


18.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF POWAY HIGHLIGHTS

Poway's receipts from July through September were 10.0% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 13.8%.

This strong percentage gain signifies the continued rebound from the pandemic impacts of a year ago.

Strong demand and limited inventory for vehicles causing elevated pricing for buyers contributed to a dramatic jump from new auto dealers. Sensational returns from multiple retailers including home furnishings stores were largely responsible for the general consumer growth.

With minimal mask requirements and continued pent up demand to eat out, receipts casual and quick service restaurants were only surpassed by amounts reported last quarter in the City's

history. An increased number of summer travelers and commuters brought about a lack of supply having upward pressure on gas prices resulted in stellar gains from service stations, while improved sales activity by electrical equipment suppliers pushed business-industry higher, further contributing to the positive outcome.

However, the gains were partially offset by the county's allocation from the countywide use tax pool decreasing by 8% due to a softening of online purchases from out-of-state vendors compared to the shutdown periods a year ago, and a return of spending in other communities providing them a greater portion of the pool overall.

Net of aberrations, taxable sales for all of San Diego County grew 18.2% over the comparable time period; the Southern California region was up 19.9%.



TOP 25 PRODUCERS

- Bay City Electric Works
- Circle K
- Costco
- Ferguson Enterprises
- Filtrous
- General Atomics Aeronautical
- Home Depot
- Home Goods
- Kohls
- Lowe's
- Maintex
- Mossy Nissan
- Pedder Hyundai of Poway
- Perry Ford of Poway
- Poway Chrysler Dodge Jeep Ram
- Poway Honda
- Poway Hyundai
- Poway Powersports
- Production Systems
- Scion of Poway Toyota of Poway
- Sysco Food Services
- Target
- United Oil
- Walmart Supercenter
- Willscot



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

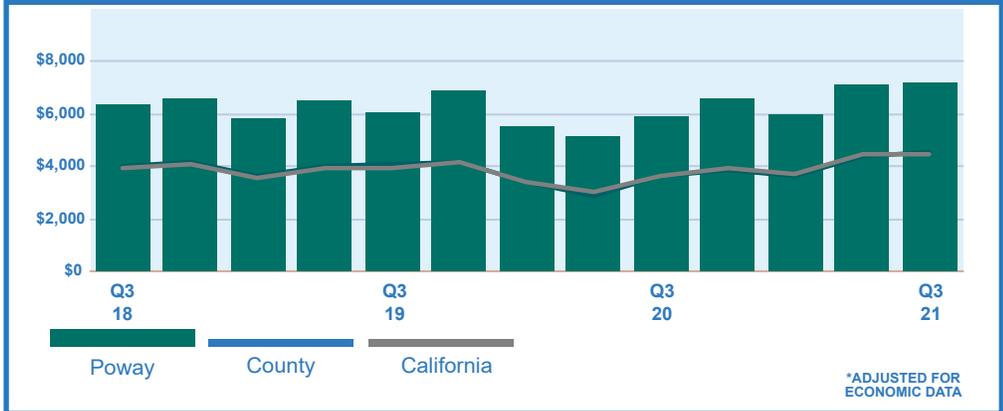
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome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

Poway Business Type	Q3 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	920.8	56.9% ↑	21.2% ↑	18.9% ↑
Building Materials	229.1	-8.3% ↓	4.0% ↑	5.4% ↑
Service Stations	171.5	57.0% ↑	54.8% ↑	53.6% ↑
Quick-Service Restaurants	99.5	10.8% ↑	16.4% ↑	13.5% ↑
Casual Dining	96.7	53.2% ↑	66.9% ↑	68.3% ↑
Business Services	64.0	31.0% ↑	25.7% ↑	23.8% ↑
Heavy Industrial	63.6	125.4% ↑	-5.7% ↓	10.8% ↑
Medical/Biotech	61.5	312.8% ↑	5.5% ↑	7.9% ↑
Contractors	53.9	5.0% ↑	13.2% ↑	12.2% ↑
Home Furnishings	47.2	23.8% ↑	5.7% ↑	11.0% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars