

CITY OF BRAWLEY

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



BRAWLEY

TOTAL: \$ 730,895

18.0%
2Q2021



25.5%
COUNTY

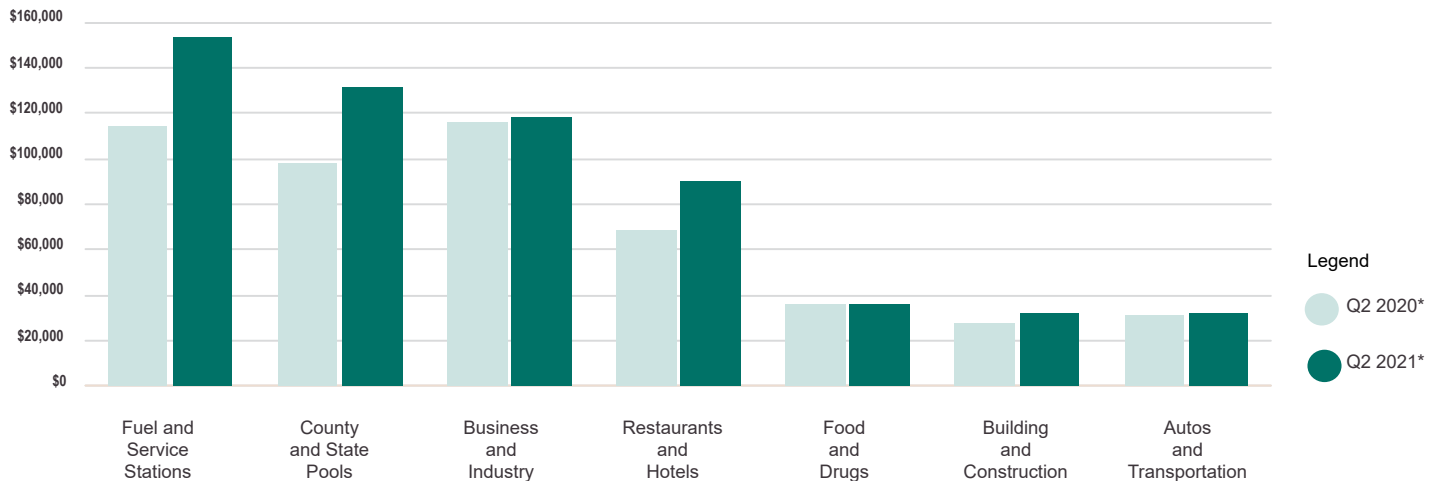


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRAWLEY HIGHLIGHTS

Brawley's receipts from April through June were 32.7% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 18.0%.

The dramatic percentage change is largely due to the depths of the pandemic impacts felt one year ago. Consistent with the recent quarterly results, overall revenue continues to rebound and grow.

The return of commuters to the road with higher gas prices has service station receipts up. Pent up demand and more available indoor opportunities, especially at quick service and casual dining establishments, pushed returns from restaurants closer to pre-pandemic levels.

Multiple brick and mortar general consumer merchants experienced a strong rebound while revenue from

building-construction suppliers also rose during the summer period.

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 allocation grew 34% compared to a year ago.

Net of aberrations, taxable sales for all of Imperial County grew 25.5% over the comparable time period; the Southern California region was up 40.3%.



TOP 25 PRODUCERS

- 7 Eleven
- Arco AM PM
- AutoZone
- Brawley Ace Hardware
- Brawley Fuel & Food
- Brawley Tractor Parts
- Circle K 76
- Circle K Shell
- Dollar Tree
- Fillco
- HD Supply Waterworks
- Jack in the Box
- Johnnys Burritos
- Jordan Implement
- Marel Usa
- McDonalds
- McNeece Bros Oil
- O'Reilly Auto Parts
- Pacific Ag Rentals
- Pilot Travel Center
- RDO Water
- Rite Aid
- USA Gasoline
- Vons
- Walmart Supercenter



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

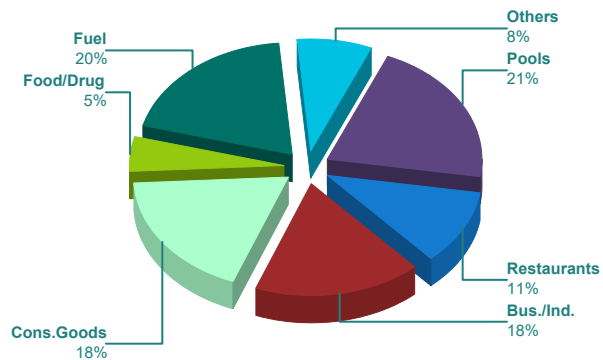
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.

REVENUE BY BUSINESS GROUP Brawley This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Brawley Business Type	Q2 '21	Change	County Change	HdL State Change
Service Stations	138,942	58.6% ↑	81.3% ↑	73.9% ↑
Quick-Service Restaurants	75,322	20.2% ↑	24.7% ↑	28.8% ↑
Warehse/Farm/Const. Equip.	61,176	-17.1% ↓	13.2% ↑	8.2% ↑
Automotive Supply Stores	26,181	6.3% ↑	7.4% ↑	15.1% ↑
Repair Shop/Equip. Rentals	19,913	-12.1% ↓	4.7% ↑	16.1% ↑
Casual Dining	15,113	178.6% ↑	180.6% ↑	130.3% ↑
Convenience Stores/Liquor	11,055	2.0% ↑	26.0% ↑	7.1% ↑
Electronics/Appliance Stores	5,954	4.2% ↑	144.0% ↑	52.7% ↑
Auto Repair Shops	5,249	-11.3% ↓	34.4% ↑	27.3% ↑
Heavy Industrial	4,686	-1.3% ↓	-84.5% ↓	10.7% ↑

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