

CITY OF BRAWLEY

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



BRAWLEY

TOTAL: \$ 824,815

11.0%
3Q2021



11.8%
COUNTY

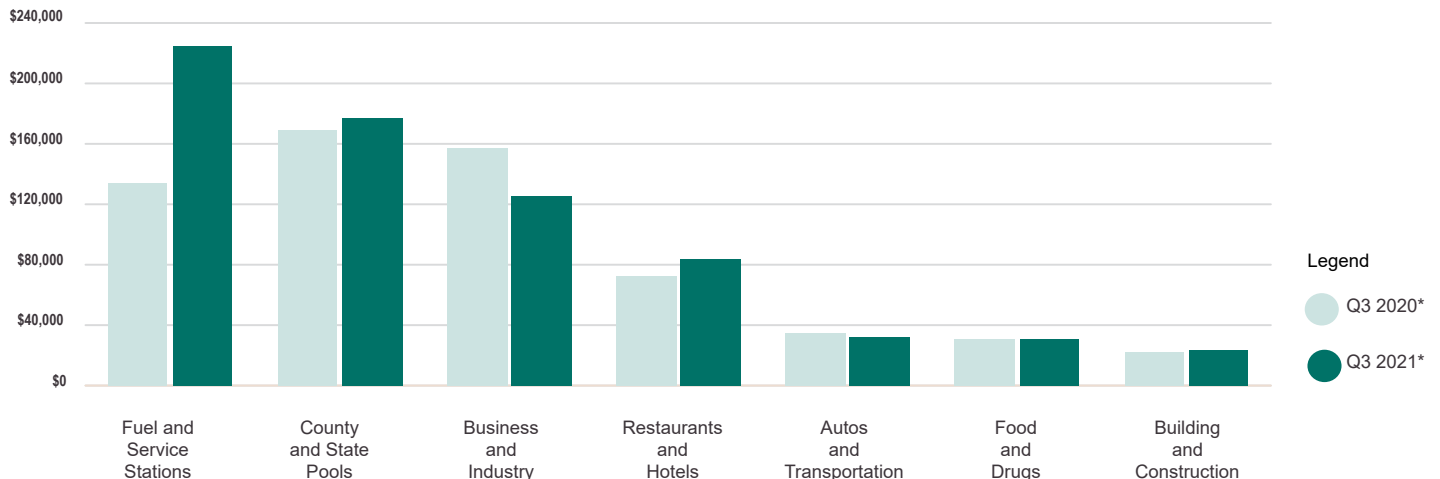


18.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRAWLEY HIGHLIGHTS

Brawley's receipts from July through September were 7.6% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 11.0%.

Allocations from fuel and service stations soared 67% as the price of fuel spiked above \$4.50 per gallon and as consumers drove more than they did last year during the Covid-19 lockdown. While this increase surpassed the 54% statewide average, some of the growth may have resulted from a taxpayer error.

Local restaurants reported 17% higher tax revenue compared to last year, a time when many eateries were closed for indoor seating. This year, many newly vaccinated consumers were eager to leave the house and dine out again.

A delayed payment artificially deflated tax proceeds from warehouse, farm, and

construction equipment suppliers.

Net of aberrations, taxable sales for all of Imperial County grew 11.8% over the comparable time period; the Southern California region was up 19.9%.



TOP 25 PRODUCERS

- Arco AM PM
- AutoZone
- Brawley Ace Hardware
- Brawley Fuel & Food
- Brawley Liquor
- Brawley Tractor Parts
- Circle K 76
- Circle K Shell
- Daniels Tire Service
- Dollar Tree
- Elms Equipment Rental
- Fillco
- HD Supply Waterworks
- Jack in the Box
- Johnnys Burritos
- Jordan Implement
- Lidco Imperial Valley
- McDonalds
- McNeece Bros Oil
- O'Reilly Auto Parts
- Pacific Ag Rentals
- Pilot Travel Center
- Virginia Transformer
- Vons
- Walmart Supercenter



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

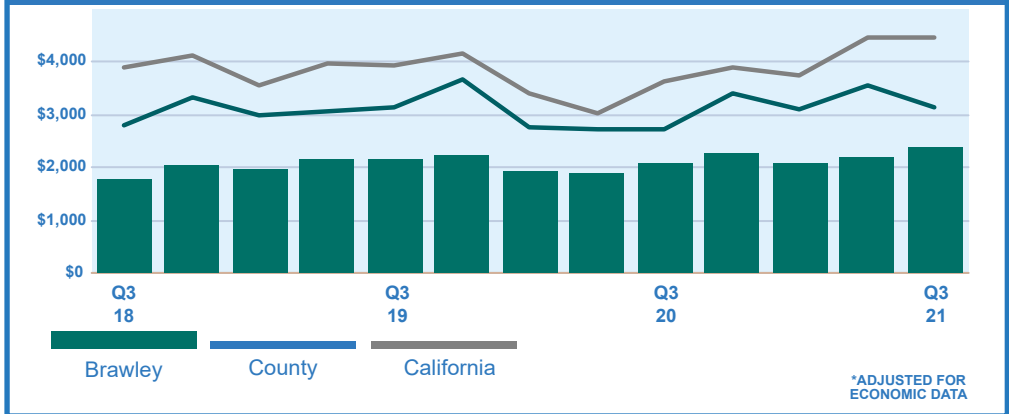
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome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

| Brawley Business Type | Q3 '21 | Change | County Change | HdL State Change |
|------------------------------|---------|----------|---------------|------------------|
| Service Stations | 127,586 | 25.7% ↑ | 47.2% ↑ | 53.6% ↑ |
| Quick-Service Restaurants | 70,312 | 8.8% ↑ | 16.3% ↑ | 13.5% ↑ |
| Warehse/Farm/Const. Equip. | 70,129 | -33.7% ↓ | -32.4% ↓ | 4.2% ↑ |
| Automotive Supply Stores | 26,447 | -4.2% ↓ | 1.4% ↑ | 4.5% ↑ |
| Repair Shop/Equip. Rentals | 24,420 | -21.1% ↓ | -12.9% ↓ | 9.0% ↑ |
| Casual Dining | 12,904 | 90.3% ↑ | 128.5% ↑ | 68.4% ↑ |
| Convenience Stores/Liquor | 9,788 | -4.6% ↓ | 17.8% ↑ | -0.3% ↓ |
| Auto Repair Shops | 6,143 | -14.0% ↓ | 11.2% ↑ | 15.3% ↑ |
| Electronics/Appliance Stores | 5,141 | -19.0% ↓ | 34.0% ↑ | 19.7% ↑ |
| Heavy Industrial | 4,474 | 8.6% ↑ | -73.6% ↓ | 10.8% ↑ |

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