

CITY OF BRAWLEY

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



BRAWLEY

TOTAL: \$ 733,980

6.4%
3Q2020



-5.4%
COUNTY

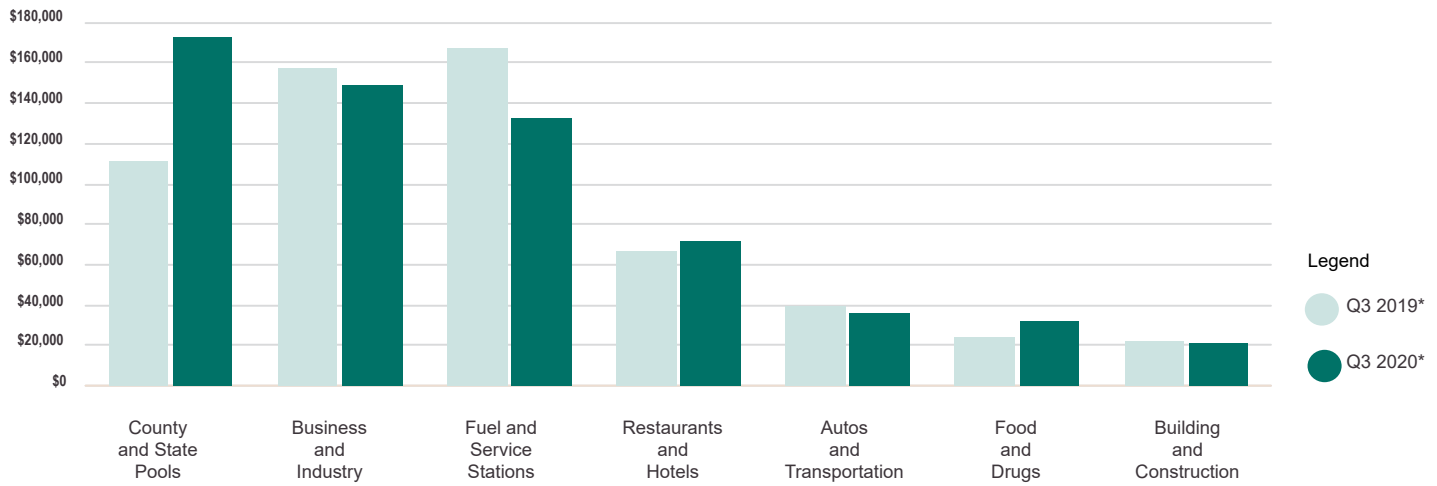


-1.0%
STATE



**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 12.6% above the third sales period in 2019. However, deferred tax payments from last quarter temporarily exaggerated the cash results. Once these and other reporting aberrations are excluded, actual sales were up 6.4%.

Although this was the second quarter the greater economy has been impacted by the pandemic, surprisingly the City experienced strong growth from general consumer retailers. Also, while casual dining establishments were impacted with limited indoor options, quick service eateries helped lift the overall restaurant group.

Further contributing to the overall gain was continued new tax revenue from out-of-state online retailers due to the enactment of AB147 combined

with increased online sales due to the pandemic, which boosted countywide use tax pool allocations to the City by 55%.

As expected, lower gas prices and reduced commuter frequency held fuel and service station receipts down, while business-industrial merchant activity was only slightly lower than the prior year.

Net of aberrations, taxable sales for all of Imperial County declined 5.4% over the comparable time period; the Southern California region was down 1.6%.



TOP 25 PRODUCERS

- | | |
|-----------------------|---------------------|
| Arco AM PM | RDO Water |
| AutoZone | Rite Aid |
| Brawley Ace Hardware | Shell |
| Brawley Tractor Parts | USA Gasoline |
| Circle K | Vons |
| Circle K 76 | Walmart Supercenter |
| Daniels Tire Service | |
| 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 | |



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.

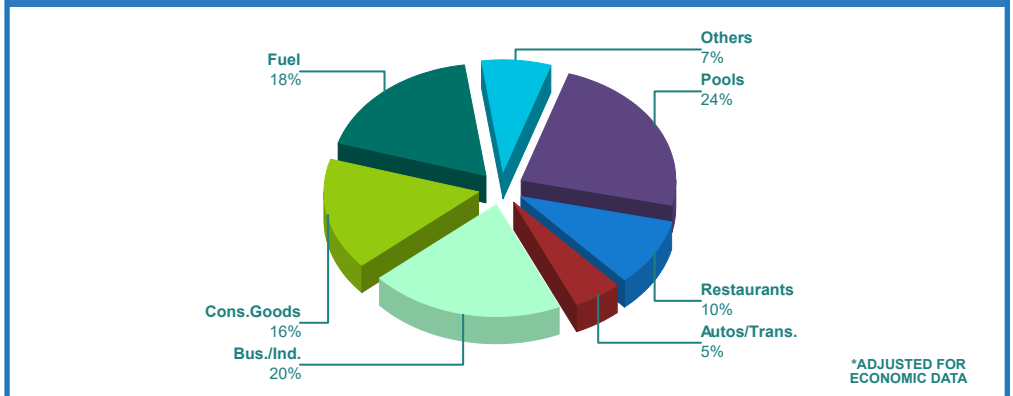
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brawley Business Type	Q3 '20	Change	County Change	HdL State Change
Service Stations	99,779	-13.5% ↓	-23.6% ↓	-28.9% ↓
Quick-Service Restaurants	64,570	18.1% ↑	-3.6% ↓	-10.1% ↓
Warehse/Farm/Const. Equip.	59,002	-28.0% ↓	1.6% ↑	1.9% ↑
Repair Shop/Equip. Rentals	30,954	21.0% ↑	16.8% ↑	-4.0% ↓
Automotive Supply Stores	28,637	12.4% ↑	13.6% ↑	5.6% ↑
Convenience Stores/Liquor	10,263	20.4% ↑	6.7% ↑	15.2% ↑
Auto Repair Shops	7,047	16.0% ↑	-5.4% ↓	-13.7% ↓
Casual Dining	6,785	-45.8% ↓	-55.1% ↓	-38.0% ↓
Electronics/Appliance Stores	6,280	54.7% ↑	-22.0% ↓	-21.3% ↓
Heavy Industrial	3,972	1.3% ↑	138.5% ↑	-9.6% ↓

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