

CITY OF BRAWLEY

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



BRAWLEY

TOTAL: \$ 775,259

2.4%
4Q2020



-6.3%
COUNTY

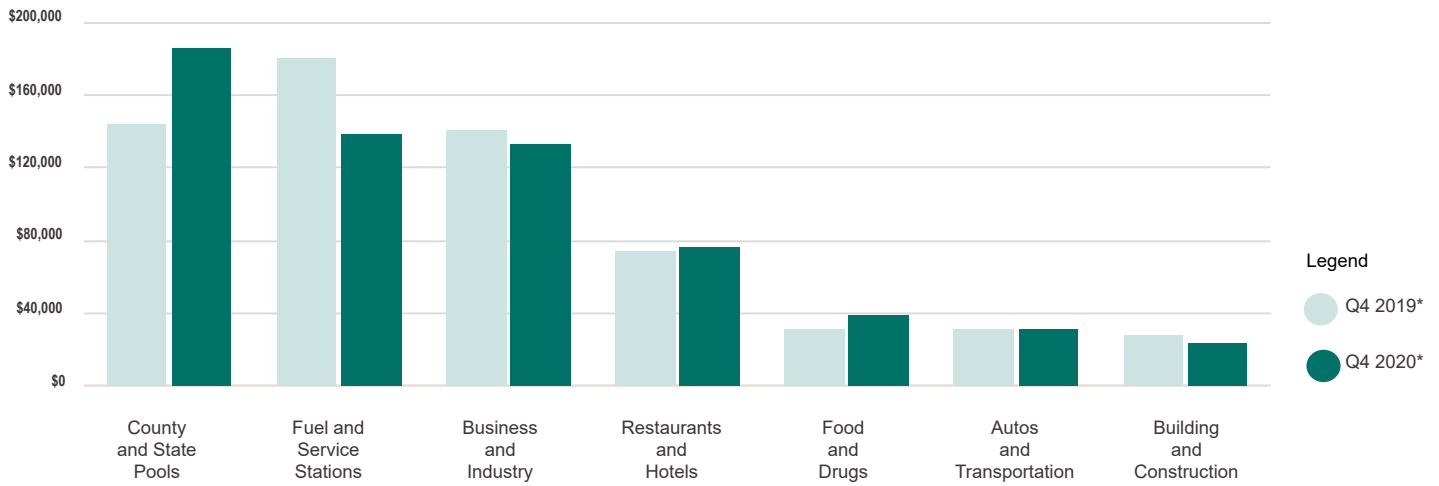


-2.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRAWLEY HIGHLIGHTS

Brawley's receipts from October through December were 7.6% below the fourth sales period in 2019. Excluding reporting aberrations, which included a large payment error that artificially deflated allocations from the countywide use tax pool, actual sales were up 2.4% overall, demonstrating resilience amid the Covid-19 pandemic.

One of the largest factors in the improvement was a 29% increase in allocations from the countywide use tax pool after adjusting for the payment error previously mentioned. This is where much of the tax revenue from internet sales is allocated and this funding has grown dramatically over the last year after a legislative change expanded the number of internet purchases subject to taxation. Pool receipts have also risen as consumers

have preferred shopping online during the epidemic.

Conversely, gasoline sales softened amid the health crisis, but prospects are now brightening as fuel demand picks up with the worst of the Covid-19 pandemic subsiding and as the price of gasoline has now bounced back to close to \$4 per gallon in California.

Net of aberrations, taxable sales for all of Imperial County declined 6.3% over the comparable time period; the Southern California region was down 2.7%.



TOP 25 PRODUCERS

- | | |
|-------------------------|---------------------|
| Arco AM PM | Pilot Travel Center |
| AutoZone | RDO Water |
| Brawley Ace Hardware | Rite Aid |
| Circle K 76 | USA Gasoline |
| Daniels Tire Service | Vons |
| Dollar Tree | Walmart Supercenter |
| Elms Equipment Rental | |
| Family Dollar | |
| Fillco | |
| GE Precision Healthcare | |
| 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 | |



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

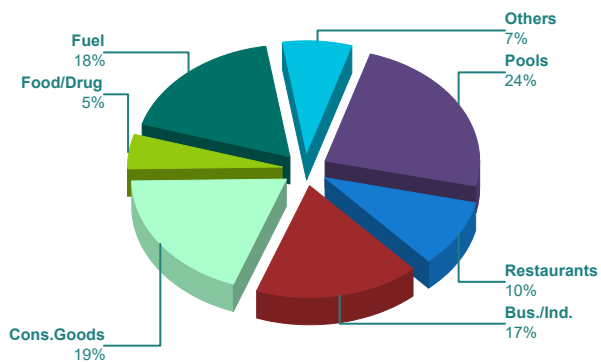
Exponential growth from countywide use tax pools further helped offset

the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

REVENUE BY BUSINESS GROUP

Brawley This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Brawley Business Type	Q4 '20	Change	County Change	HdL State Change
Service Stations	111,068	-18.2% ↓	-23.4% ↓	-31.2% ↓
Quick-Service Restaurants	67,696	12.1% ↑	-2.1% ↓	-8.7% ↓
Warehse/Farm/Const. Equip.	47,914	-6.5% ↓	56.8% ↑	15.3% ↑
Repair Shop/Equip. Rentals	25,493	21.0% ↑	8.8% ↑	-2.5% ↓
Automotive Supply Stores	24,570	21.2% ↑	15.7% ↑	3.3% ↑
Convenience Stores/Liquor	8,498	-4.9% ↓	-18.2% ↓	-2.0% ↓
Casual Dining	8,119	-40.7% ↓	-53.7% ↓	-39.4% ↓
Auto Repair Shops	6,866	9.3% ↑	-4.8% ↓	-12.1% ↓
Electronics/Appliance Stores	6,222	14.9% ↑	-25.8% ↓	-25.0% ↓
Heavy Industrial	4,821	11.2% ↑	-66.0% ↓	-10.3% ↓

*Allocation aberrations have been adjusted to reflect sales activity