

CITY OF EL MONTE

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



EL MONTE

TOTAL: \$ 4,837,985

6.8%
3Q2020



-6.0%
COUNTY

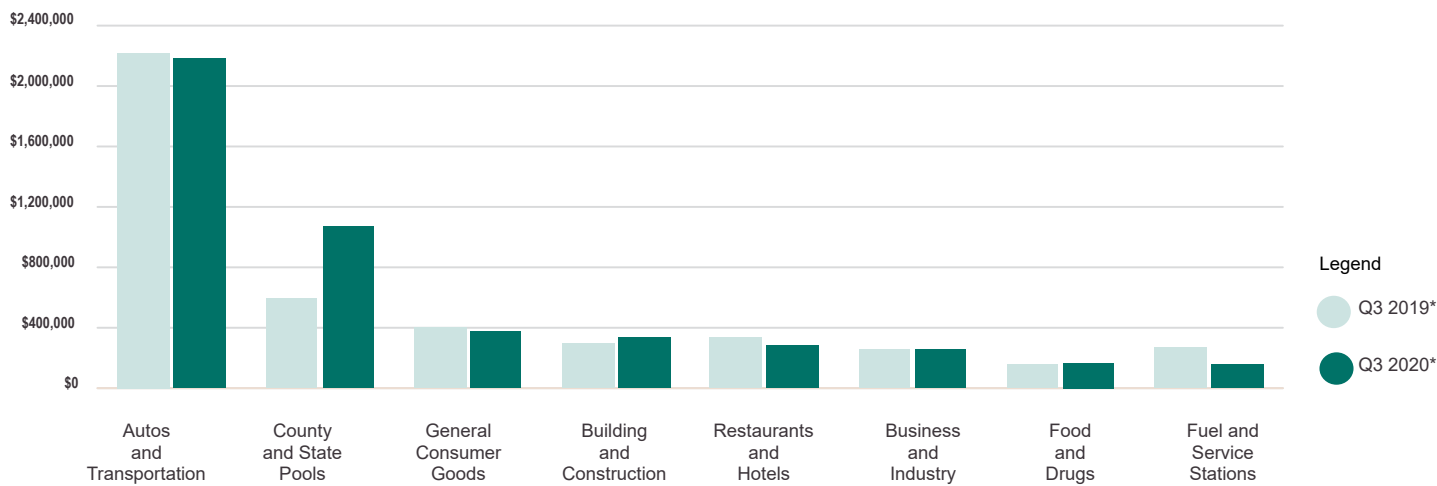


-0.9%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure EM

TOTAL: \$1,443,480

6.7%



CITY OF EL MONTE HIGHLIGHTS

El Monte's receipts from July through September were 19.9% above the third sales period in 2019. Excluding reporting aberrations, actual sales were up 6.8%.

While COVID-19 continued to strike the state and most local economies, the City experienced overall growth mainly attributable solid growth in their business and construction sector.

An uptick in sales from convenience and liquor stores, used automotive dealers, and transportation/rentals combined with continuing ongoing stellar performance in the countywide use tax pool also contributed. Fast food receipts from quick service restaurants were also up.

Returns from service stations and dining in casual restaurants were down, which was reflective of the overall trend in the state. New motor vehicle dealers and automotive repair shops also experienced a negative quarter, which offset the net quarterly gain compared to one year ago.

El Monte's Transaction and Use Tax Measure EM generated 122.2% of the Bradley Burns amount in the third quarter.

Net taxable sales for all of Los Angeles County declined 6.0% over the comparable time period; the Southern California region was down 1.5%.



TOP 25 PRODUCERS

- | | |
|-------------------------------|-----------------------------|
| Airgas | Lucy Auto Sales |
| Arco | McDonalds |
| Car Pros Honda El Monte | Mega Stone |
| CVS Pharmacy | Patriot Hyundai of El Monte |
| dd's Discounts | Ross Nissan of El Monte |
| Element Vape | Sams Club w/ Fuel |
| Food 4 Less | SGV Hydroponics |
| Ganas Auto | Sus Amigos Auto Center |
| Home Depot | Toyota Lease Trust |
| Honda Lease Trust | United Oil |
| Jansen Ornamental Iron Supply | United Site Services |
| LA Auto Exchange | |
| Longo Lexus | |
| Longo Toyota & Longo Scion | |



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.

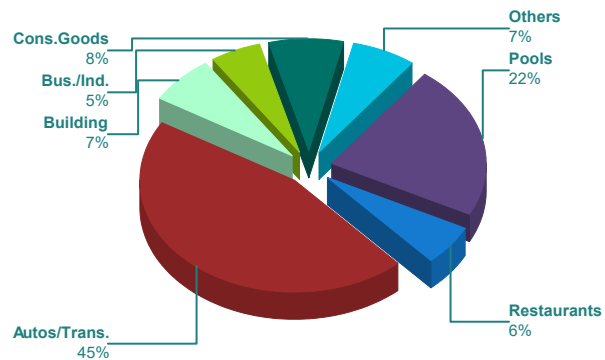
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until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



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

El Monte Business Type	Q3 '20*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,625.8	-3.3% ↓	7.3% ↑	5.8% ↑
Quick-Service Restaurants	198.2	-1.3% ↓	-13.7% ↓	-10.3% ↓
Used Automotive Dealers	172.5	37.9% ↑	22.3% ↑	11.8% ↑
Service Stations	153.4	-42.6% ↓	-34.8% ↓	-29.0% ↓
Grocery Stores	71.7	1.2% ↑	5.1% ↑	7.1% ↑
Casual Dining	66.0	-31.3% ↓	-41.9% ↓	-37.9% ↓
Convenience Stores/Liquor	65.6	25.7% ↑	15.9% ↑	15.0% ↑
Contractors	64.1	39.3% ↑	-5.3% ↓	-5.7% ↓
Automotive Supply Stores	40.5	-14.9% ↓	0.5% ↑	5.6% ↑
Transportation/Rentals	34.9	88.5% ↑	-41.5% ↓	-32.9% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars