

# CITY OF EL MONTE

## SALES TAX UPDATE

### 4Q 2020 (OCTOBER - DECEMBER)



#### EL MONTE

TOTAL: \$ 4,825,319

0.1%

4Q2020



-7.7%

COUNTY



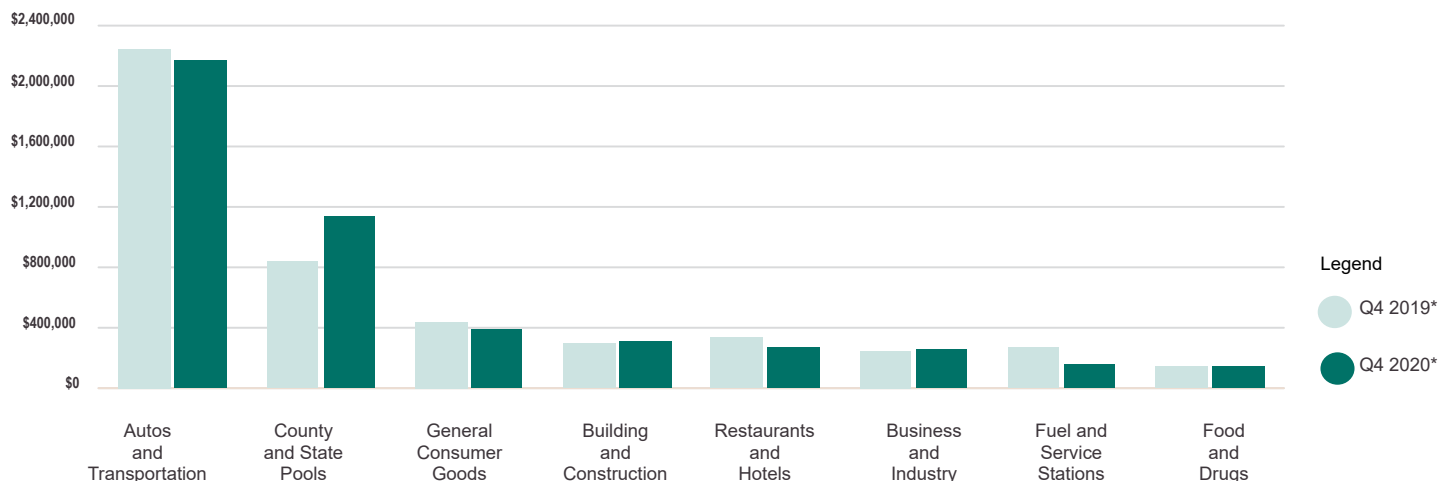
-2.0%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure EM

TOTAL: \$1,457,926

0.9%



#### CITY OF EL MONTE HIGHLIGHTS

El Monte's receipts from October through December were 9.0% below the fourth sales period in 2019. Excluding reporting aberrations, actual sales were flat.

This was the third quarter of significant economic impacts due to the Covid-19 pandemic. Locally, point of sale receipts dropped 7.2% as pandemic related impacts continue to weigh on certain business sectors. Lower retail gas prices and reduced demand for fuel pushed service station sales down 41.8%. Restaurants sales declined 19.7% due to restrictions placed on the industry. General consumer goods dropped 12.8% as most retail categories were lower.

New auto sales continue to recover, down just 1.3%. Building and construction and business and industry rose 7.8% and 3.6%, respectively.

The point of sale decline was offset by continued new tax revenue from out-of-state retailers due to the enactment of AB147 which combined with increased online sales due to the pandemic to lift county pool allocations to the city 31.8%.

Taxable sales for all of Los Angeles County declined 7.7% over the comparable time period; the Southern California region was down 2.7%.



#### TOP 25 PRODUCERS

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



**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.

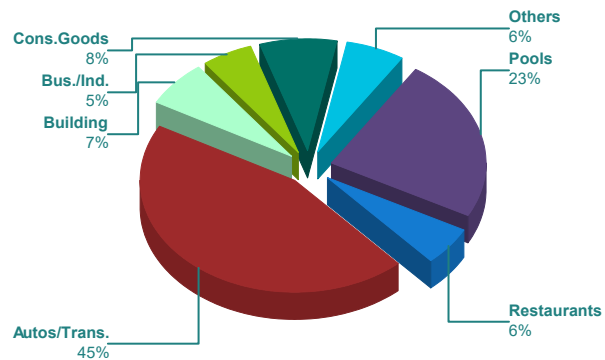
The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

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**  
El Monte This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

**TOP NON-CONFIDENTIAL BUSINESS TYPES**

| El Monte Business Type    | Q4 '20* | Change | County Change | HdL State Change |
|---------------------------|---------|--------|---------------|------------------|
| New Motor Vehicle Dealers | 1,690.4 | -1.3%  | 4.7%          | 7.2%             |
| Quick-Service Restaurants | 189.6   | -5.5%  | -12.2%        | -8.7%            |
| Service Stations          | 154.9   | -41.7% | -38.2%        | -31.2%           |
| Used Automotive Dealers   | 105.2   | -15.1% | 2.7%          | -2.1%            |
| Grocery Stores            | 70.0    | 3.2%   | 4.1%          | 5.2%             |
| Casual Dining             | 63.9    | -39.6% | -45.3%        | -39.4%           |
| Contractors               | 54.8    | -0.2%  | -3.9%         | 2.3%             |
| Convenience Stores/Liquor | 44.9    | -11.8% | -5.8%         | -2.0%            |
| Automotive Supply Stores  | 40.5    | 5.1%   | -1.2%         | 3.3%             |
| Heavy Industrial          | 33.4    | -15.9% | -12.7%        | -10.3%           |

\*Allocation aberrations have been adjusted to reflect sales activity

\*In thousands of dollars