

CITY OF EL MONTE

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



EL MONTE

TOTAL: \$ 5,725,759

55.4%
2Q2021



40.9%
COUNTY

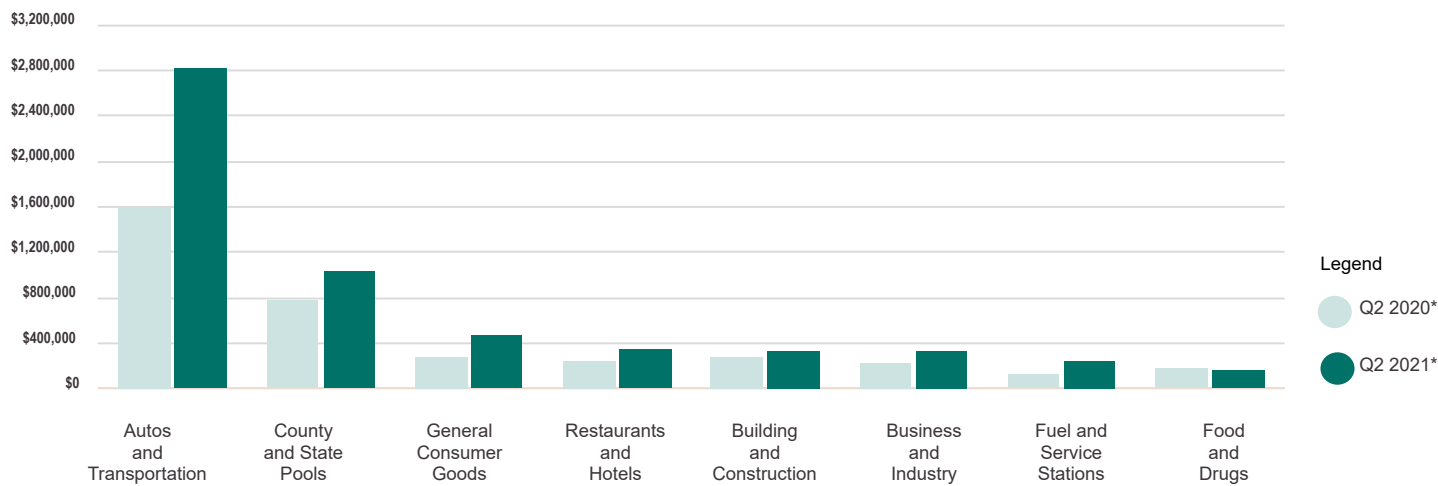


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure EM

TOTAL: \$1,648,699

41.8%



CITY OF EL MONTE HIGHLIGHTS

El Monte's receipts from April through June were 68.0% above the second sales period in 2020. This substantial growth is due to comparison to the first full quarter that was severely impacted by Covid-19 restrictions following the onset of the pandemic. Excluding aberrations, actual sales were up 55.4%.

Point of sale actual receipts grew 60.8% as all major industry groups except fuel performed above pre-Covid levels. Surging demand pushed new auto sales up 99.2%, the second consecutive quarter of robust growth after struggling the three prior quarters. A large onetime use tax payment and continued growth in garden-agriculture sales boosted

business and industry 47.6%.

General retail sales started to rebound in the first quarter and continued that trend, gaining 69.7%. Restaurant and fuel sales posted their first gains since the start of the pandemic, up 42.2% and 87.5%, respectively.

The City's allocation from the countywide use tax pool increased 26.7%. Taxable sales for all of Los Angeles County grew 40.9; the Southern California region was up 40.3%.



TOP 25 PRODUCERS

Airgas
Arco
Arco AM PM
Car Pros Honda El Monte
CVS Pharmacy
dd's Discounts
Element Vape
Food 4 Less
Gentle Carmen Auto
Home Depot
Honda Lease Trust
LA Auto Exchange
Longo Lexus
Longo Toyota & Longo Scion

Lucy Auto Sales
Multi W Systems
Patriot Hyundai of El Monte
Ross Nissan of El Monte
Sams Club w/ Fuel
SGV Hydroponics
Sus Amigos Auto Center
Toyota Lease Trust
United Oil
United Site Services
WSS



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

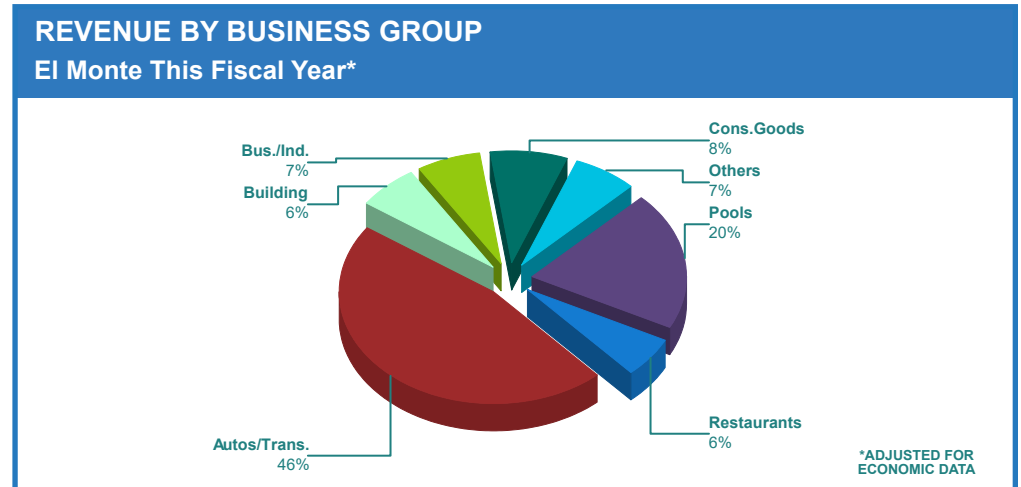
Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.



TOP NON-CONFIDENTIAL BUSINESS TYPES

El Monte Business Type	Q2 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,192.9	99.2% ↑	66.9% ↑	55.9% ↑
Service Stations	242.1	87.8% ↑	85.5% ↑	73.9% ↑
Used Automotive Dealers	233.6	46.2% ↑	65.0% ↑	50.4% ↑
Quick-Service Restaurants	214.1	20.6% ↑	31.8% ↑	28.8% ↑
Casual Dining	105.6	124.5% ↑	145.6% ↑	130.3% ↑
Grocery Stores	72.9	0.6% ↑	-0.9% ↓	-0.9% ↓
Contractors	64.5	39.1% ↑	9.5% ↑	23.6% ↑
Convenience Stores/Liquor	59.8	-12.4% ↓	6.0% ↑	7.1% ↑
Heavy Industrial	47.9	9.0% ↑	9.7% ↑	10.7% ↑
Automotive Supply Stores	42.3	7.8% ↑	16.1% ↑	15.1% ↑

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars