

CITY OF EL MONTE

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



EL MONTE

TOTAL: \$ 5,787,619

9.9%
4Q2021



16.9%
COUNTY

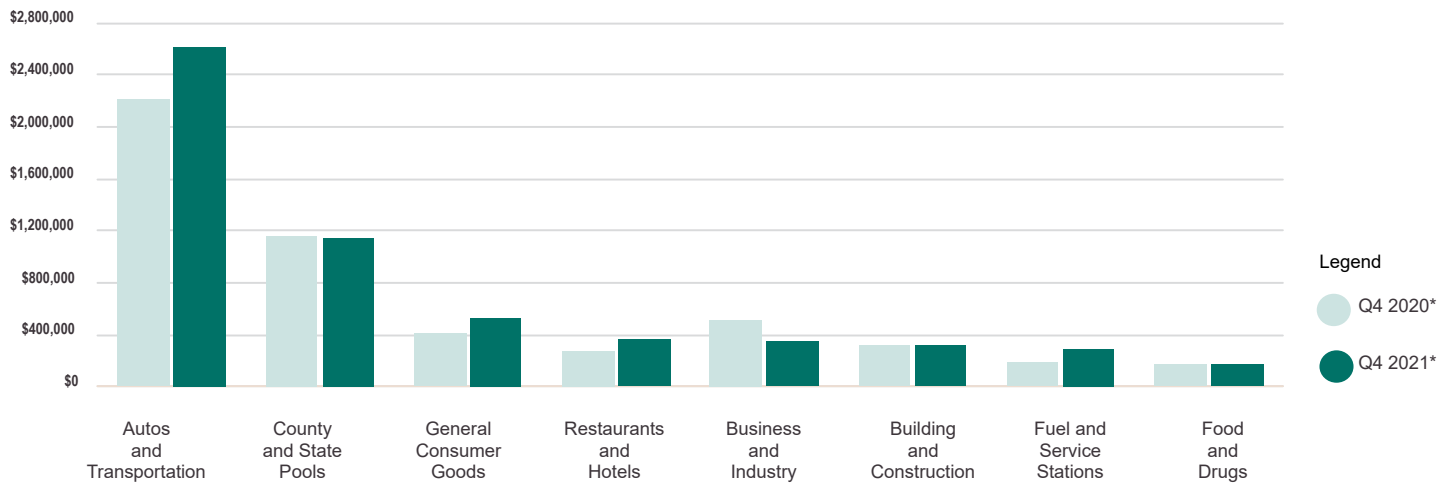


15.6%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure EM

TOTAL: \$1,756,750

9.4%



CITY OF EL MONTE HIGHLIGHTS

Receipts from El Monte's October through December sales were 28.5% higher than the same quarter last year. Actual sales activity increased 9.9% after accounting aberrations were factored out.

Brisk new and used vehicle sales and higher per unit transaction prices drove autos-transportation up 18% and was a significant factor in the City's overall quarterly increase.

General consumer goods continued the rebound from the pandemic impacts of a year ago with strong returns from most sectors boosting results 29%. Record prices at the pumps plus continued

increase in consumption buoyed fuel-service stations revenues 55%.

With dining areas reopening and continued pent up demand to eat out, all restaurant-hotels categories were up 33%. The only negative was lower business-industry results of (31%).

Voter-approved Measure EM experienced similar results with increases in most major business groups.

Net of aberrations, taxable sales for all of Los Angeles County grew 16.9% over the comparable time period; the Southern California region was up 17.4%.



TOP 25 PRODUCERS

- | | |
|-------------------------|-----------------------------|
| Airgas | Longo Toyota & Longo Scion |
| Arco | Lucy Auto Sales |
| Car Pros Honda El Monte | Patriot Hyundai of El Monte |
| Casa Linda Furniture | Ramona Arco |
| Chevron | Sams Club w/ Fuel |
| CVS Pharmacy | SGV Hydroponics |
| dd's Discounts | Sus Amigos Auto Center |
| El Monte Nissan | Toyota Lease Trust |
| Element Vape | United Oil |
| Food 4 Less | United Site Services |
| Fulgent Therapeutics | WSS |
| Ganas Auto | |
| Home Depot | |
| Longo Lexus | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 15% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

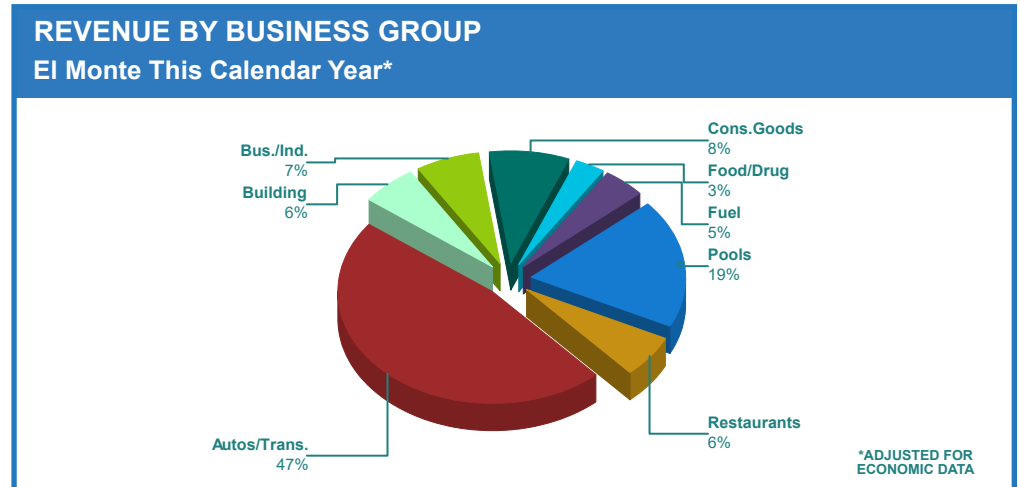
Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women’s apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State’s history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia’s war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.



TOP NON-CONFIDENTIAL BUSINESS TYPES

El Monte Business Type	Q4 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,022.6	18.3% ↑	22.7% ↑	15.5% ↑
Service Stations	294.0	55.8% ↑	60.4% ↑	53.8% ↑
Used Automotive Dealers	210.5	52.8% ↑	29.5% ↑	27.7% ↑
Quick-Service Restaurants	206.3	6.5% ↑	13.9% ↑	12.1% ↑
Casual Dining	128.2	88.2% ↑	80.5% ↑	66.4% ↑
Grocery Stores	70.3	0.5% ↑	0.1% ↑	0.6% ↑
Convenience Stores/Liquor	58.6	-3.8% ↓	1.1% ↑	2.1% ↑
Contractors	55.6	-0.5% ↓	7.0% ↑	5.3% ↑
Heavy Industrial	46.1	23.2% ↑	2.6% ↑	5.6% ↑
Automotive Supply Stores	40.8	1.1% ↑	9.9% ↑	10.5% ↑

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