

CONTRA COSTA COUNTY

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



CONTRA COSTA COUNTY

TOTAL: \$ 3,821,909

6.3%

COUNTY UNINC.



1.8%

COUNTY



-0.9%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CONTRA COSTA COUNTY HIGHLIGHTS

The unincorporated area's receipts from July through September were 0.7% below the third sales period in 2019. Excluding reporting aberrations, actual sales were up 6.3%.

For the second quarter running, large remittances for a regional capital project accounted for a good chunk of the growth from business-industry; also garden/agricultural merchants posted solid gains which boosted this group's comparisons.

Petroleum products, service stations and casual dining establishments recorded much lower revenues brought about by ongoing adverse effects to retailers caused by the coronavirus pandemic. Segments of general consumer goods also suffered from slower sales.

Bright spots came from increased taxes

in the building-construction and food-drugs categories.

The County's allocation from the countywide pool jumped up 40%, a combination of new revenue from out-of-state online retailers due to the enactment of AB147 coupled with bigger online sales due to social distancing and in-store restrictions.

Net of aberrations, taxable sales for all of Contra Costa County grew 1.8% over the comparable time period; the Bay Area was down 5.8%.



TOP 25 PRODUCERS

- | | |
|-------------------------------|-----------------------------|
| Alamo Hardware | Safeway |
| Alamo Shell | Safeway Fuel |
| BDV Chevron | Sams Club |
| Beacon Roofing Supply | Shields Harper & Co |
| Brickyard Building Materials | Tesoro Refining & Marketing |
| Canadian Solar | United Rentals |
| CD & Power | Walgreens |
| Central Concrete Supply | Wesco Distribution |
| Chevron | |
| County Asphalt | |
| El Sobrante Shell | |
| Enterprise Car Sales | |
| General Plumbing Supply | |
| McGuire Harley Davidson | |
| Mitsubishi Power Sys Americas | |
| Phillips 66 | |
| S & S Tool & Supply | |



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.

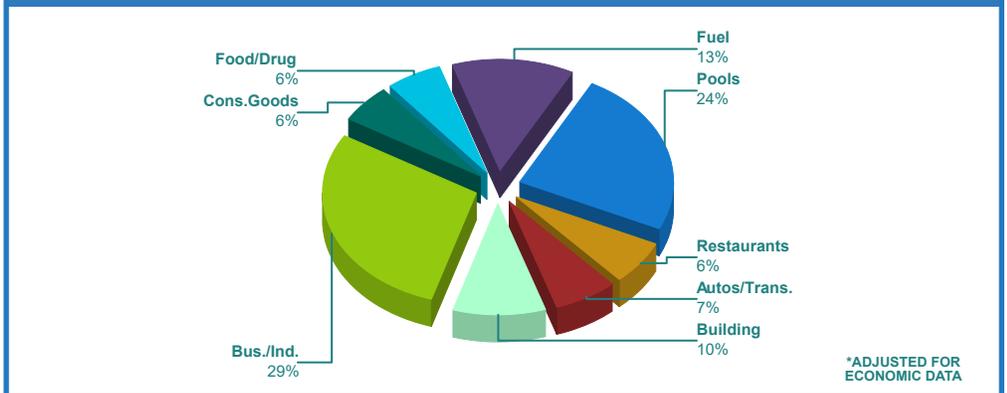
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q3 '20*	Change	County Change	HdL State Change
Service Stations	366.9	-28.1% ↓	-35.7% ↓	-29.0% ↓
Contractors	213.0	2.6% ↑	-10.6% ↓	-5.7% ↓
Garden/Agricultural Supplies	112.6	16.8% ↑	8.2% ↑	7.0% ↑
Petroleum Prod/Equipment	110.4	-47.9% ↓	-23.4% ↓	-44.0% ↓
Grocery Stores	105.5	9.6% ↑	5.2% ↑	7.1% ↑
Casual Dining	95.4	-40.0% ↓	-34.6% ↓	-37.9% ↓
Quick-Service Restaurants	94.4	-7.3% ↓	-5.2% ↓	-10.3% ↓
Repair Shop/Equip. Rentals	88.9	-22.4% ↓	-15.8% ↓	-4.0% ↓
Building Materials	85.7	7.2% ↑	20.6% ↑	16.4% ↑
Convenience Stores/Liquor	74.2	14.4% ↑	19.5% ↑	15.0% ↑

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