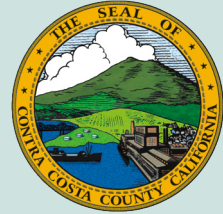


# CONTRA COSTA COUNTY UNINC.

## SALES TAX UPDATE

### 2Q 2021 (APRIL - JUNE)



CONTRA COSTA COUNTY

TOTAL: \$ 5,024,970

20.2%

COUNTY UNINC.



33.5%

COUNTY



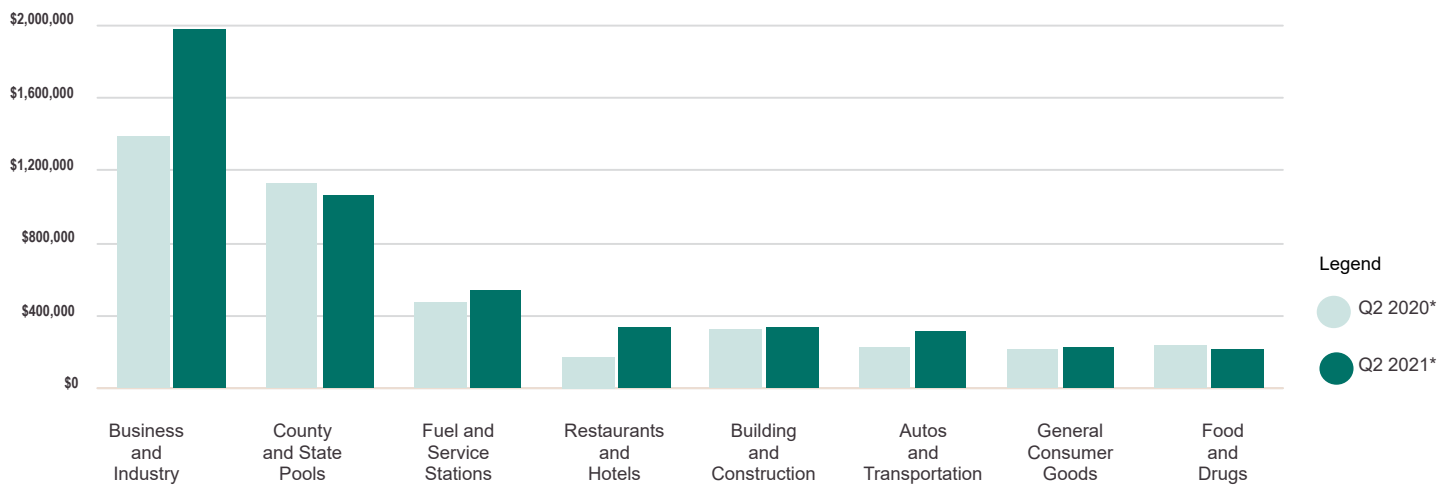
37.3%

STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### Measure X

TOTAL: \$27,703,457



### CONTRA COSTA COUNTY HIGHLIGHTS

The unincorporated area's receipts from April through June were 14.7% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 20.2%.

Year-ago results were suppressed as many retailers remained closed or had limited operations due to the depths of the COVID-19 pandemic. Current quarter sizable gains from casual dining, leisure/entertainment and service stations reflected economic recovery was well underway.

Business-industry segments reported robust activity; significantly healthier tax returns were filed by garden/

agricultural, light industrial and electrical equipment suppliers. Strength in used car sales boosted autos-transportation. Contractors, repair shop and quick service eateries also increased revenues.

Countywide voters approved Measure X last November; this quarter captured first time reporting of over \$27 million as noted in the blue bar above. The top three categories (business-industry, general consumer goods and autos-transportation) accounted for two thirds of these new transactions and use taxes. Net of aberrations, taxable sales for all of Contra Costa County grew 33.5% over the comparable time period; the Bay Area was up 34.1%.



### TOP 25 PRODUCERS

- Alamo Hardware
- Alamo Shell
- Annie's Annuals And Perennials
- Arco
- BDV Chevron
- Brickyard Building Materials
- C & H Sugar
- California Boat Company
- Canadian Solar
- CD & Power
- Chevron
- County Asphalt
- Dead Fish
- El Sobrante Shell
- Enterprise Car Sales
- General Plumbing Supply
- McGuire Harley Davidson
- Mid Valley Agricultural
- Safeway
- Safeway Fuel
- Sams Club
- Terra Outdoor Living
- United Rentals
- Walgreens
- Wesco Distribution



## 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 2<sup>nd</sup> 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.

## SALES TAX RATE BREAKDOWN

**8.75%**

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
Contra Costa County Transactions & Use Tax (CCTU)	0.5000%
Fractional Code - BART in Contra Costa County (BART)	0.5000%
Contra Costa Transportation Authority (CCTA)	0.5000%

**Tax Rate Effective April 01, 2021**
**8.7500%**

## TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q2 '21*	Change	County Change	HdL State Change
Service Stations	474.2	49.7% ↑	62.0% ↑	73.9% ↑
Contractors	190.2	6.0% ↑	25.5% ↑	23.6% ↑
Casual Dining	138.5	178.5% ↑	122.7% ↑	130.3% ↑
Garden/Agricultural Supplies	122.9	48.6% ↑	29.0% ↑	10.2% ↑
Quick-Service Restaurants	107.2	25.0% ↑	25.8% ↑	28.8% ↑
Grocery Stores	97.3	-13.2% ↓	-4.6% ↓	-0.9% ↓
Repair Shop/Equip. Rentals	91.1	18.0% ↑	-11.6% ↓	16.1% ↑
Light Industrial/Printers	78.0	36.7% ↑	31.7% ↑	19.5% ↑
Building Materials	75.4	-16.3% ↓	24.6% ↑	21.7% ↑
Electrical Equipment	74.9	97.9% ↑	54.5% ↑	17.4% ↑

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