

CITY OF BRENTWOOD

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



BRENTWOOD

TOTAL: \$ 2,784,464

15.3%
3Q2021



11.5%
COUNTY

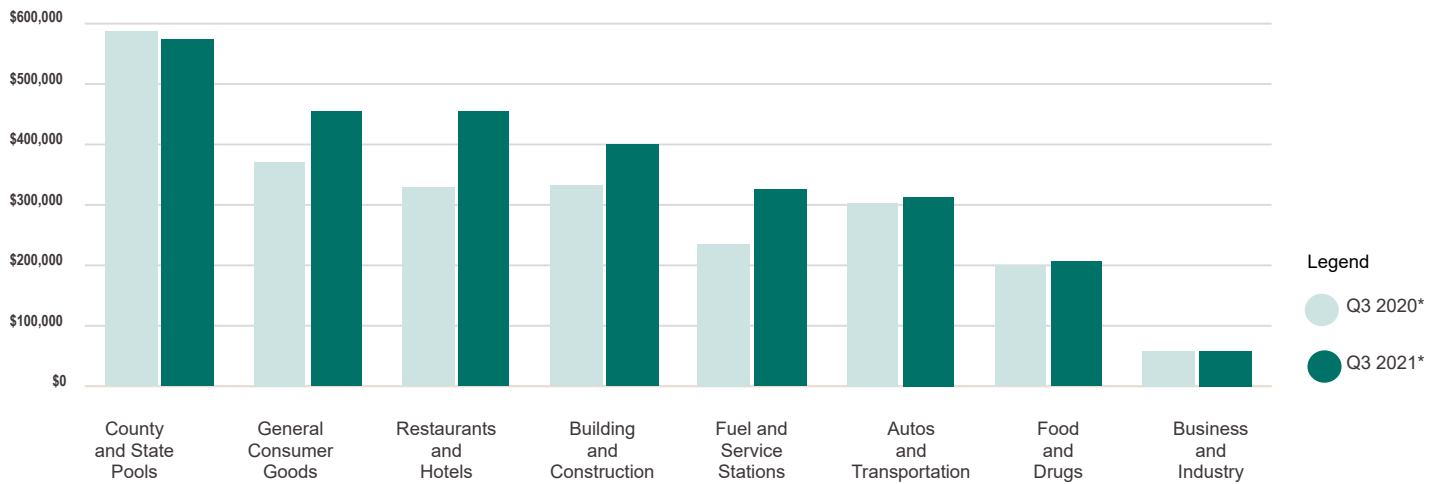


18.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRENTWOOD HIGHLIGHTS

Brentwood's receipts from July through September were 12.6% above the third sales period in 2020. After reporting modifications, actual sales were up 15.3%. Overall place of sale collections soared 21.1% compared to the lows of a year ago during the height of the pandemic shut-downs. Most major sales tax categories experienced significant increases.

Once again general consumer goods boomed, reflecting a return to in-store shopping and consumer spending as people felt safer out in public. High sales in apparel, specialty stores and home furnishings boosted the positive merchandise sales results. Home and construction projects supported building-construction revenues with strong returns in all categories.

Casual dining roared back as people once

again enjoyed dining out – which may have contributed to reduced grocery store shopping. Similarly, service station revenues spiked as the combination of higher gas prices and increased travel propelled receipts back to pre-pandemic levels.

The City's share of the countywide use tax pool allocations dipped 2.6%; however, the pools remain a solid source of revenue, boosted by taxes on online purchases as people continue to embrace the convenience of e-commerce.

Net of aberrations, taxable sales for all of Contra Costa County grew 11.5% over the comparable time period; the Bay Area was up 15.1%.



TOP 25 PRODUCERS

Ace Hardware
Arco AM PM
Big B Lumber
Bill Brandt Ford
BJ's Restaurant & Brewhouse
Brentwood Chevron
Brentwood Ready Mix
Chevron
Circle K Gas
Dallas Shanks Services
Home Depot
Home Goods
In N Out Burger
Jeffery Way Shell
Kohls
Los Primos Auto Plaza
Power Market
Ross
Safeway

Sportmans Warehouse
Southwest
TJ Maxx
Ulta Beauty
Walgreens
Watersavers Irrigation
Winco Foods



STATEWIDE RESULTS

Local one cent sales and use tax receipts for sales occurring July through September were 18% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These aberrations had been much greater than normal in the last two years as the Governor’s Executive Orders allowed businesses to defer some sales tax payments as a supportive measure during the pandemic. This program has now expired, and merchant remittances are more consistent, making cash receipts more reflective of underlying economic activity.

The prior year comparison quarter was the start of the pandemic recovery, and the strong growth enjoyed since continued with the recent results.

Surprisingly, one of the stronger sectors has been restaurants and hotels. Originally forecasted to take an extended amount of time to recover, statewide sales tax generated during the summer months exceeded amounts from pre-pandemic 2019. Even with the availability of indoor and outdoor dining, pent up demand resulted in long wait times to enjoy local culinary experiences. When combined with increasing restaurant tabs as the cost of food and staff wages surge, sales tax remittances are expected to continue growing. Additionally, while the industry awaits the return of foreign tourism in metropolitan areas, strong domestic travel has helped varied regions around the state especially Southern California and the Central Coast.

Receipts from general consumer goods marked a steady recovery, led by apparel retailers, jewelry, electronic/appliance and specialty outlets. Discount department stores, especially those selling gas, helped exemplify the strength of brick-and-mortar

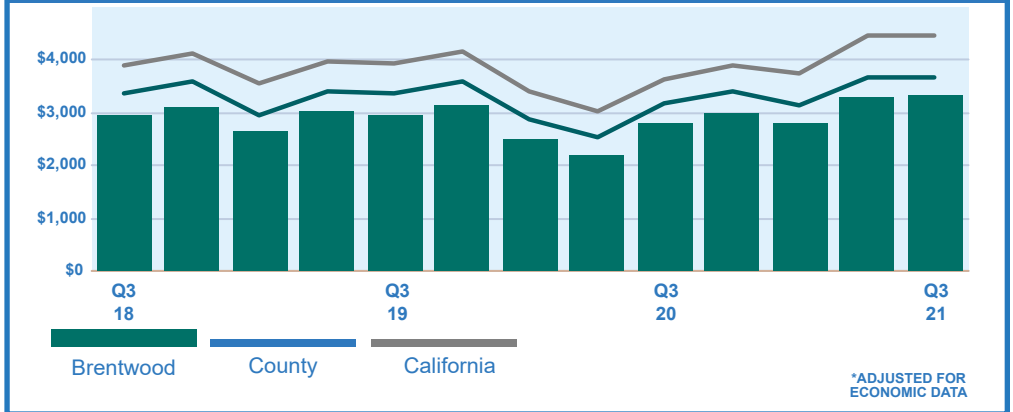
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome sign leading up to the holiday shopping period.

Although car dealers had expressed concerns about inventory shortages due to supply chain disruptions and computer chip shortages earlier in the year, the sale of new and used vehicles posted solid gains regardless. Higher property values and good weather contributed to strong building

materials and contractor returns. As commuting workers and travelers returned to the road with increased gas prices, fuel and service stations also experienced a dramatic recovery.

Overall growth is expected to continue through the end of the 2021 calendar year. Possible headwinds into 2022 include: pent up demand for travel and experiences shifting spending away from taxable goods; higher prices for fuel, merchandise and services displacing more of consumer’s disposable income; and expected interest rate hikes resulting in more costly financing for automobiles, homes, and consumer loans.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brentwood Business Type	Q3 '21*	Change	County Change	HdL State Change
Service Stations	325.3	37.9% ↑	51.4% ↑	53.6% ↑
Building Materials	262.9	-3.7% ↓	2.3% ↑	5.4% ↑
Casual Dining	213.3	55.0% ↑	57.5% ↑	68.3% ↑
Quick-Service Restaurants	149.1	9.9% ↑	9.8% ↑	13.5% ↑
Grocery Stores	141.6	-3.7% ↓	-2.6% ↓	-0.2% ↓
Family Apparel	101.7	18.5% ↑	37.5% ↑	39.0% ↑
Home Furnishings	81.9	12.0% ↑	11.3% ↑	11.0% ↑
Specialty Stores	66.7	11.2% ↑	21.0% ↑	21.4% ↑
Automotive Supply Stores	56.1	0.4% ↑	2.6% ↑	4.5% ↑
Fast-Casual Restaurants	50.3	17.1% ↑	18.3% ↑	18.9% ↑

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*In thousands of dollars