

CITY OF BRENTWOOD

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



BRENTWOOD

TOTAL: \$ 2,396,451

5.0%
3Q2020



1.8%
COUNTY

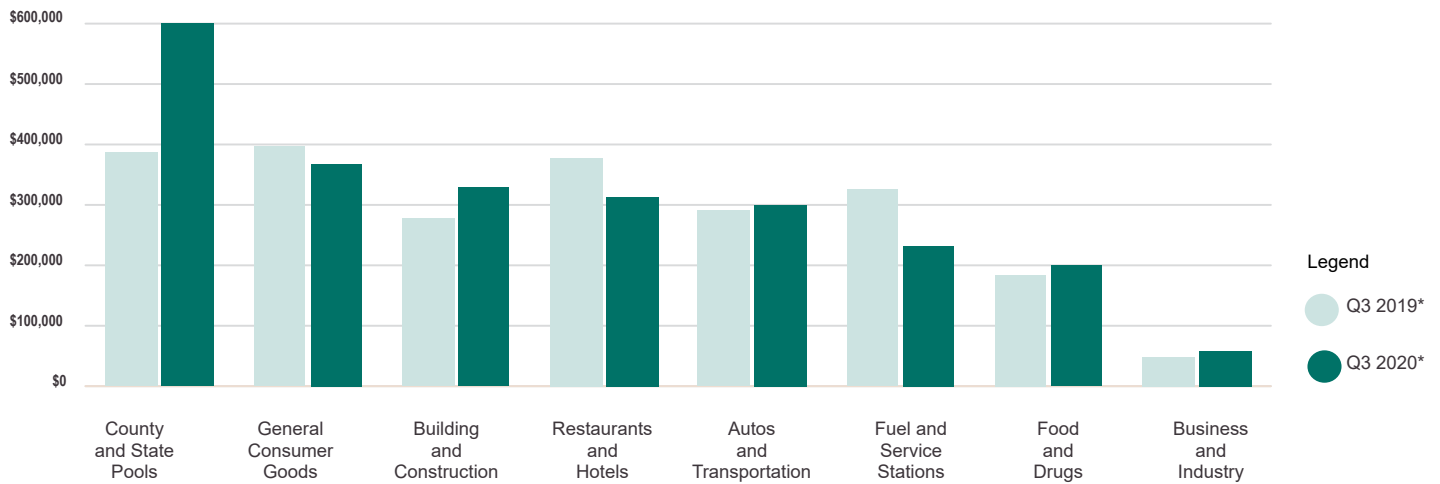


-0.9%
STATE



**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 7.9% above the third sales period in 2019. Excluding reporting aberrations, actual sales were up 5.0%.

Undesirable impacts from the ongoing COVID-19 crisis continued; casual dining and service stations posted large declines, the latter segment's losses compounded by suppressed fuel prices. Apparel and shoe stores had restricted operations that caused the reduction in sales at general consumer goods merchants.

Alternatively, some sectors had favorable comparisons. Building materials surged as at-home projects were prevalent over the summer months. Quick service restaurants and grocers remitted larger tax returns. A newer company contributed to greater home furnishings revenues. Autos-transportation rose 3%

and outpaced county and state trends.

The use tax pool distribution climbed 54% and more than made up for point of sales declines from local retailers. Explanations for this boost are a convergence of AB147 marketplace facilitators reporting new taxes, pandemic induced shifts to online shopping and usage of federal stimulus funds.

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

- Ace Hardware
- Arco AM PM
- Balfour Arco
- Big B Lumber
- Bill Brandt Ford
- Brentwood Ready Mix
- Chevron
- Circle K Gas
- Dallas Shanks Services
- Food Maxx
- Home Depot
- Home Goods
- In N Out Burger
- Kohls
- Los Primos Auto Plaza
- Power Market
- Quik Stop
- Ross
- Safeway
- TJ Maxx
- Tractor Supply
- Ultra Beauty
- Walgreens
- Watersavers Irrigation
- Winco Foods



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.

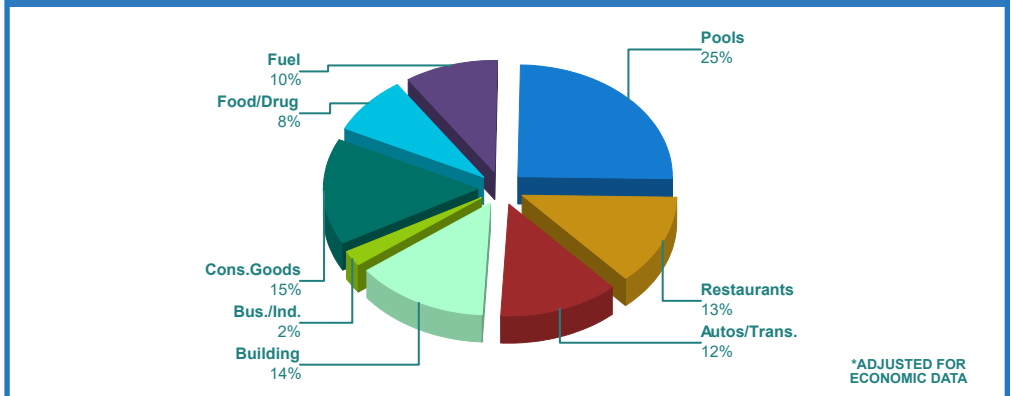
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brentwood Business Type	Q3 '20*	Change	County Change	HdL State Change
Building Materials	273.0	32.4% ↑	20.6% ↑	16.4% ↑
Service Stations	231.0	-28.7% ↓	-35.7% ↓	-29.0% ↓
Grocery Stores	147.0	10.4% ↑	5.2% ↑	7.1% ↑
Quick-Service Restaurants	134.0	5.1% ↑	-5.2% ↓	-10.3% ↓
Casual Dining	132.1	-25.5% ↓	-34.5% ↓	-38.0% ↓
Family Apparel	86.0	-6.6% ↓	-27.0% ↓	-24.4% ↓
Home Furnishings	71.6	23.0% ↑	-6.0% ↓	-3.5% ↓
Specialty Stores	59.4	0.1% ↑	-6.4% ↓	-8.7% ↓
Automotive Supply Stores	53.3	1.2% ↑	3.4% ↑	5.6% ↑
Used Automotive Dealers	47.8	48.4% ↑	22.0% ↑	11.8% ↑

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