

# CITY OF CHICO

## SALES TAX UPDATE

### 1Q 2021 (JANUARY - MARCH)



**CHICO**

TOTAL: \$ 6,864,202

16.2%  
1Q2021



11.7%  
COUNTY

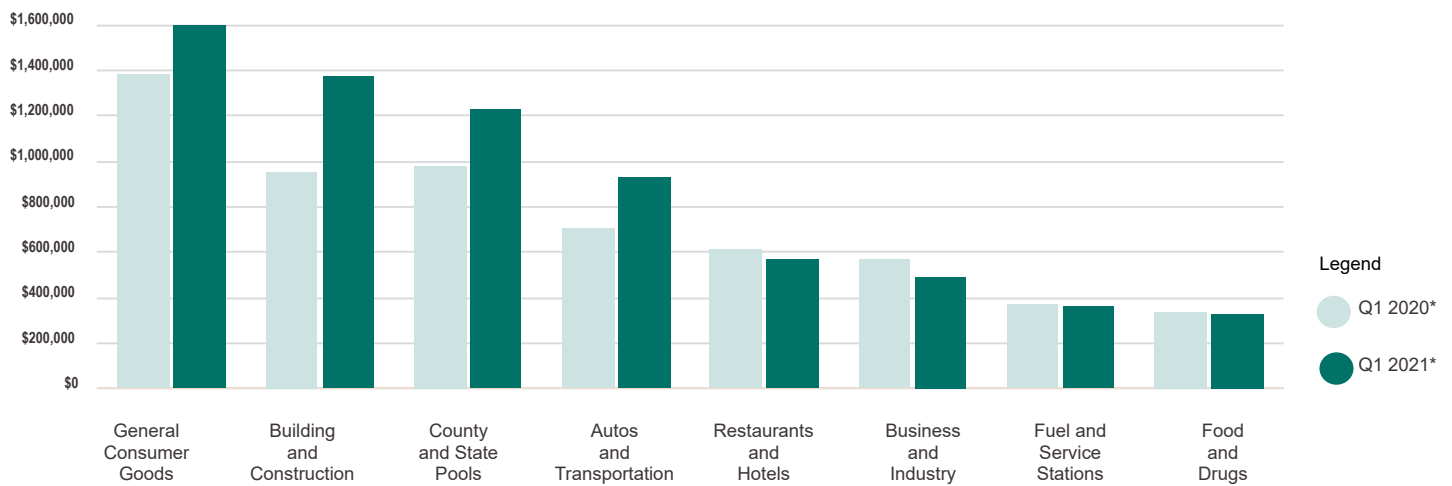


9.5%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF CHICO HIGHLIGHTS

Chico's receipts from January through March were 39.1% above the first sales period in 2020, however \$660,000 of this growth was caused by some businesses permitted an extra 90-days to file tax returns in the prior year quarter under the Governor's deferral program. Excluding reporting aberrations, actual sales were up 16.2%.

Exceptionally high demand thrust building-construction upward 44%; spending surges coupled with product price increases boosted returns from numerous building materials and other specialty suppliers.

Similar to State trends, buyers gobbled up existing new vehicle inventory as car and truck sales swelled 40% over comparable period returns.

General consumer goods had multiples segments post better outcomes including

apparel and electronics/appliances; sporting goods/bike stores reflected consumer's preferences for exercise equipment.

After accounting for an expected taxpayer change of filing that redirected funds away from the pool, use tax distributions climbed 25%; online activity was robust.

Lingering coronavirus economic effects remained; service stations sold less fuel; casual dining suffered declines as dine-in restrictions hurt local eateries. Reduced transactions by equipment rentals and office furnishings merchants pulled business-industry lower.

Net of aberrations, taxable sales for all of Butte County grew 11.7% over the comparable time period; the Far North region was up 17.2%.



### TOP 25 PRODUCERS

- |                            |                         |
|----------------------------|-------------------------|
| Amain Com                  | Payless Building Supply |
| Best Buy                   | Raleys                  |
| Build Com                  | Safeway                 |
| Chico Farm & Orchard       | Safeway Fuel            |
| Chico Nissan               | Target                  |
| Chuck Patterson            | Walmart Supercenter     |
| Toyota/Dodge               | Wittmeier Chevrolet     |
| Costco                     |                         |
| Courtesy Automotive Center |                         |
| Ed Wittmeier Honda         |                         |
| Fifth Sun                  |                         |
| Flyers                     |                         |
| Home Depot                 |                         |
| Hunt & Sons                |                         |
| Lowes                      |                         |
| Lulus Fashion Lounge       |                         |
| Meeks Building Center      |                         |
| MJB Welding Supply         |                         |
| Northgate Petroleum        |                         |



## STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions. Changes in business structure required a

taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

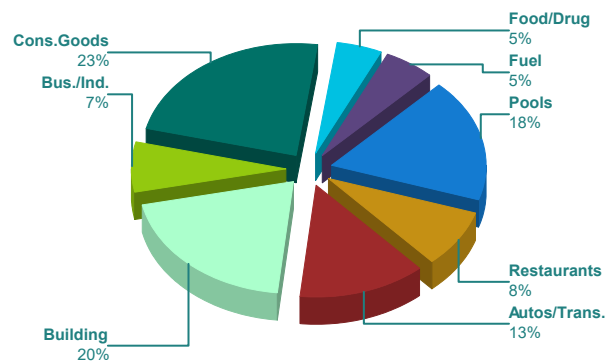
Although indoor dining was available in many counties, the recovery for restaurants

and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

### REVENUE BY BUSINESS GROUP

Chico This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Chico Business Type	Q1 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	629.3	39.5% ↑	38.1% ↑	33.2% ↑
Building Materials	557.5	17.4% ↑	17.4% ↑	18.9% ↑
Casual Dining	260.8	-19.9% ↓	-16.1% ↓	-18.9% ↓
Service Stations	252.2	-5.6% ↓	-0.3% ↓	-4.1% ↓
Quick-Service Restaurants	223.4	7.6% ↑	9.3% ↑	1.0% ↑
Grocery Stores	200.1	-5.2% ↓	-3.4% ↓	-6.2% ↓
Sporting Goods/Bike Stores	161.7	57.6% ↑	56.4% ↑	33.3% ↑
Family Apparel	153.7	74.1% ↑	71.2% ↑	20.5% ↑
Electronics/Appliance Stores	150.5	8.4% ↑	15.4% ↑	9.0% ↑
Home Furnishings	129.3	20.6% ↑	22.2% ↑	19.3% ↑

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\*In thousands of dollars