

CITY OF CHICO

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



CHICO

TOTAL: \$ 7,997,912

30.2%
2Q2021



23.1%
COUNTY

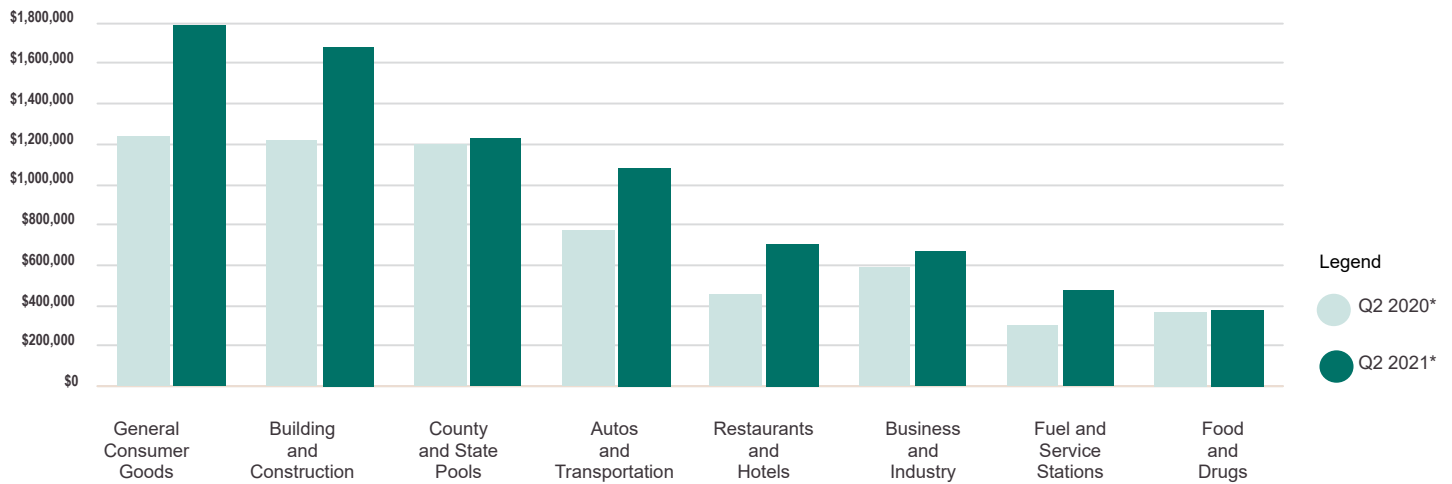


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF CHICO HIGHLIGHTS

Chico's receipts from April through June were 27.1% above the second sales period in 2020. Excluding reporting adjustments, receipts for the period were up 30.2%.

The largest dollar gain came from general consumer good outlets as consumers moved away from their computers and indulged their need to touch what they were buying. Expect retail to remain strong through the rest of this year.

Demand for construction materials remained strong despite the run-up in prices, especially for lumber, which hit an all-time high in May. DIY projects are giving way to those handled by professionals as residents go away on vacation.

Sales at new car lots kept up with the frenetic pace seen all over the state. The

chip shortage will begin to put a serious dent in the number of units available before summer is out.

The steady elimination of Covid-restrictions was felt by both the fuel/gas station group and restaurants. Travel mileage began to increase along with fuel prices, pushing receipts from fuel vendors up nearly 58%. Restaurants, meanwhile, saw heavy traffic at both fast food and sit-down dining venues.

The allocation from the use tax pool rose once again, but future allocations will be impacted by both reporting changes made by some retailers and a drop in internet sales as spending shifts to travel and other essentials. Net of adjustments, taxable sales for all of Butte County grew 23.1% over the comparable time period while those of the Far North region were up 22.8%.



TOP 25 PRODUCERS

- Amain Com
- Best Buy
- Build.Com
- Chico Nissan
- Chuck Patterson
- Toyota/Dodge
- Consolidated Electrical Distributors
- Costco
- Courtesy Automotive Center
- Ed Wittmeier Honda
- Ferguson Enterprises
- Flyers
- Home Depot
- Lowe's
- Lulus Fashion Lounge
- Meeks Building Center
- MJB Welding Supply
- Northgate Petroleum
- Payless Building Supply
- Peterson Tractor
- Raleys
- Safeway
- Safeway Fuel
- Target
- Walmart Supercenter
- Wittmeier Chevrolet



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 2nd 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

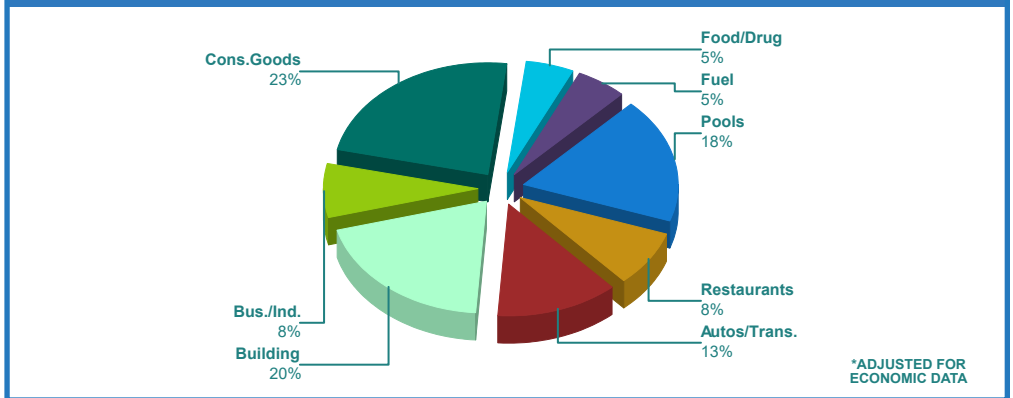
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

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.

REVENUE BY BUSINESS GROUP Chico This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Chico Business Type	Q2 '21*	Change	County Change	HdL State Change
Plumbing/Electrical Supplies	887.0	89.6% ↑	80.2% ↑	37.5% ↑
New Motor Vehicle Dealers	740.6	47.6% ↑	40.6% ↑	55.9% ↑
Building Materials	670.6	7.0% ↑	10.1% ↑	21.8% ↑
Casual Dining	365.2	84.0% ↑	80.0% ↑	130.5% ↑
Service Stations	334.8	59.7% ↑	53.8% ↑	73.9% ↑
Quick-Service Restaurants	242.0	23.4% ↑	20.9% ↑	28.8% ↑
Grocery Stores	215.4	-2.7% ↓	-2.4% ↓	-0.9% ↓
Warehse/Farm/Const. Equip.	176.8	6.4% ↑	7.6% ↑	8.2% ↑
Sporting Goods/Bike Stores	169.6	9.1% ↑	11.7% ↑	35.7% ↑
Electronics/Appliance Stores	156.3	101.2% ↑	87.5% ↑	100.4% ↑

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*In thousands of dollars