

CITY OF CHICO

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



CHICO

TOTAL: \$ 7,742,759

13.8%
3Q2021



9.8%
COUNTY

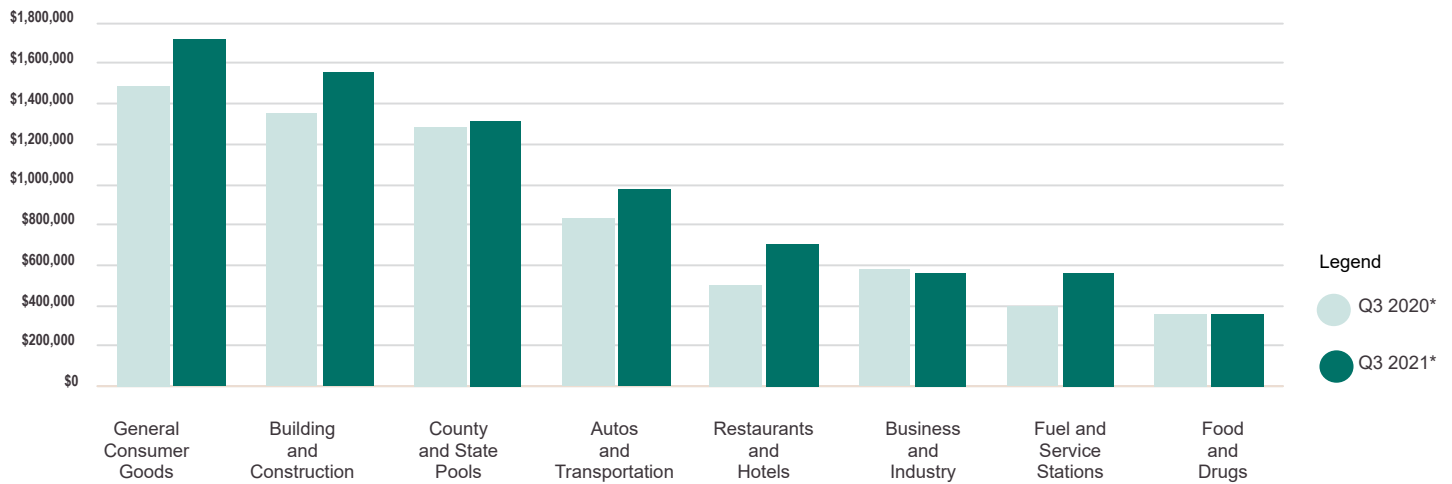


18.2%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF CHICO HIGHLIGHTS

Chico's receipts from July through September were 12.8% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 13.8%.

Paced by another period of extraordinary sales in specialized products, building-construction recorded 15% growth; this group has reported positive comparative gains over each quarter of the past three years.

Buyers continued to scoop up existing inventory at record prices; new vehicle dealership's returns captured another brisk spending spurt aided by shopper's awareness of inadequate parts and supply chain issues.

Summer month's showed a reopened economy's recovery. General consumer goods grew 16%, apparel, specialty and home furnishings were key contributors.

Thanks to more drivers on the road, fuel-service station's spike reflected greater volumes of retail and wholesale petroleum products sold at prices above mid-2020 rates.

Casual dining hosted far more customers; quick service and fast casual restaurants also remitted greater taxes.

Modest declines appeared in the business-industry and food-drugs groups.

Net of aberrations, taxable sales for all of Butte County grew 9.9% over the comparable time period; the Far North region was up 6.0%.



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
Flyers
Golden West Homes of Chico
Home Depot
Hunt & Sons
Lowe's
Lulus Fashion Lounge
Meeks Building Center
MJB Welding Supply

Northgate Petroleum
Payless Building Supply
Peterson Tractor
Safeway
Safeway Fuel
Target
Walmart Supercenter
Wittmeier Chevrolet



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

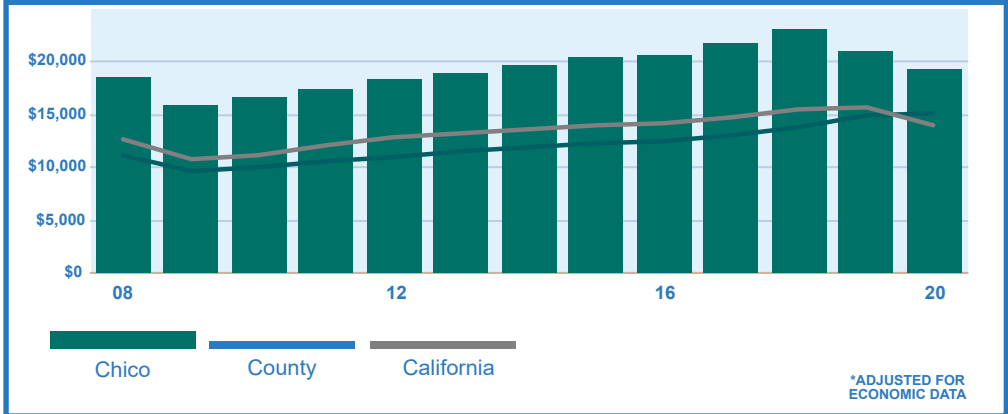
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome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

Chico Business Type	Q3 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	644.5	18.7% ↑	13.4% ↑	18.9% ↑
Building Materials	578.4	-6.7% ↓	-4.2% ↓	5.3% ↑
Service Stations	380.6	43.0% ↑	36.8% ↑	53.4% ↑
Casual Dining	373.2	73.0% ↑	67.0% ↑	68.4% ↑
Quick-Service Restaurants	234.0	9.7% ↑	6.4% ↑	13.5% ↑
Grocery Stores	204.6	-3.0% ↓	-1.9% ↓	-0.2% ↓
Petroleum Prod/Equipment	176.0	37.8% ↑	49.9% ↑	61.3% ↑
Sporting Goods/Bike Stores	148.2	-5.2% ↓	-6.3% ↓	2.2% ↑
Warehse/Farm/Const. Equip.	146.3	27.1% ↑	-8.8% ↓	4.5% ↑
Family Apparel	146.0	40.6% ↑	32.3% ↑	39.0% ↑

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*In thousands of dollars