

# CITY OF CHICO

## SALES TAX UPDATE

### 4Q 2020 (OCTOBER - DECEMBER)



**CHICO**

TOTAL: \$ 7,230,972

0.3%  
4Q2020



2.3%  
COUNTY

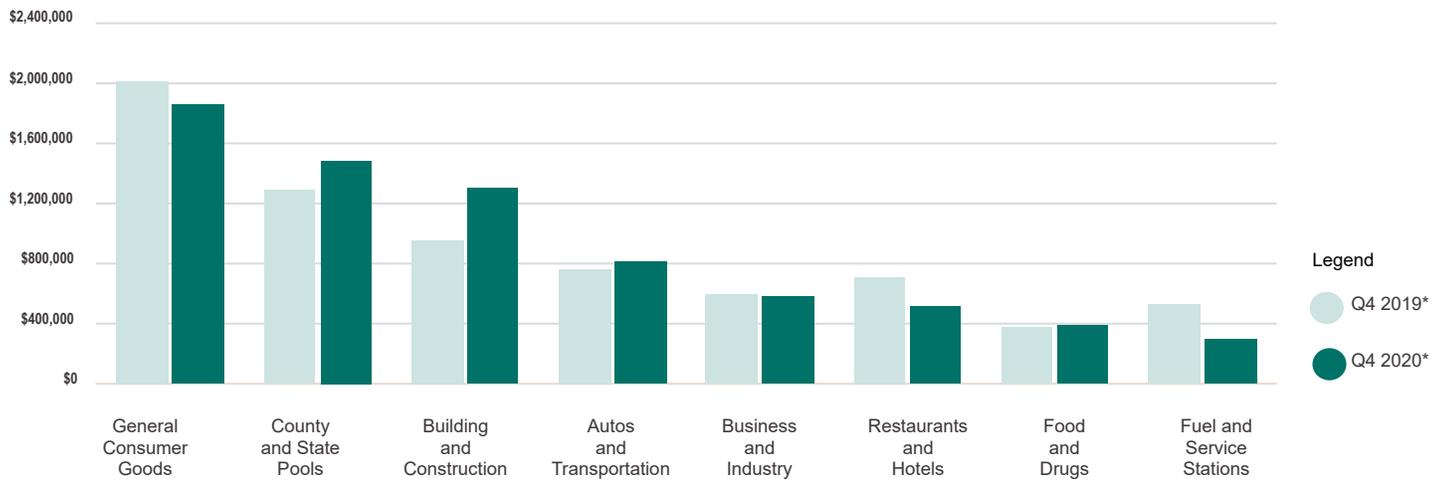


-2.0%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF CHICO HIGHLIGHTS

Chico's receipts from October through December were 1.8% below the fourth sales period in 2019. Excluding late and deferred payments along with other reporting adjustments, receipts for this period were up 0.3%.

While the pandemic has not hurt the local economy as badly as first feared, it is important to note that without the benefit of surging online sales that boosted the City's allocation from the use tax pool, total receipts for the period would be 2.8% lower than last year's.

Gas stations and restaurants continue to be the most impacted by restrictions brought on by the pandemic, including the move to remote education at all levels. These declines are enough to overcome the solid gains posted by other segments of the economy.

Construction activity, especially materials sales supporting home improvement projects rose sharply while sporting goods and new cars were also selling at a brisk pace.

General retail outlets continue to suffer from a lack of foot traffic and steep competition from online sources but those tides will turn once the state's tier restrictions are lifted and folks opt to spend their money on things they can see and touch before buying. As students return to the classroom, it can be expected that the economic recovery will shift into high gear.

Net of adjustments, taxable sales for all of Butte County grew 2.3% over the comparable time period while those of the Far North region were up 6.5%.



### TOP 25 PRODUCERS

- |                            |                      |
|----------------------------|----------------------|
| Amain Com                  | Safeway              |
| Best Buy                   | Safeway Fuel         |
| Build.Com                  | Sportsmans Warehouse |
| Chico Nissan               | Target               |
| Chuck Patterson            | TJ Maxx              |
| Toyota/Dodge               | Walmart Supercenter  |
| Costco                     | Wittmeier Chevrolet  |
| Courtesy Automotive Center |                      |
| Ed Wittmeier Honda         |                      |
| Home Depot                 |                      |
| Kohls                      |                      |
| Lowe's                     |                      |
| Lulus Fashion Lounge       |                      |
| Meeks Building Center      |                      |
| MJB Welding Supply         |                      |
| Northgate Petroleum        |                      |
| Payless Building Supply    |                      |
| Peterson Tractor           |                      |
| Raleys                     |                      |



**STATEWIDE RESULTS**

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

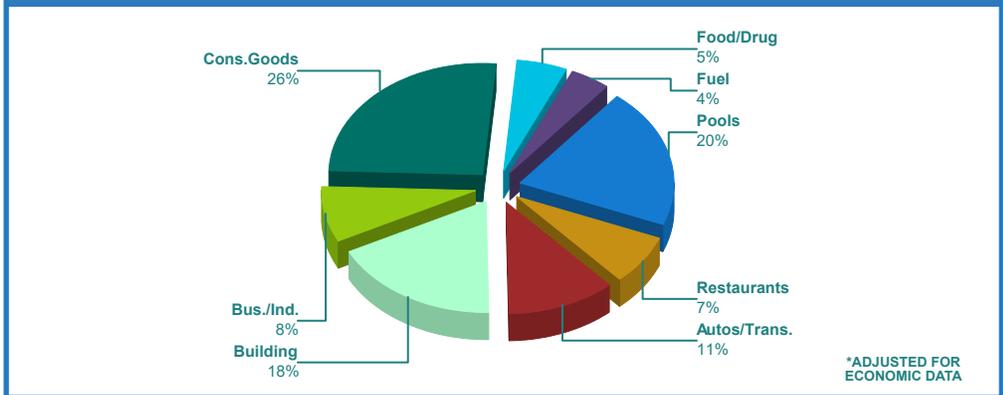
The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset

the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

**REVENUE BY BUSINESS GROUP**  
Chico This Quarter\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Chico Business Type	Q4 '20*	Change	County Change	HdL State Change
Discount Dept Stores	716.9	-3.6% ↓	-3.6% ↓	-1.6% ↓
Building Materials	568.7	16.0% ↑	13.9% ↑	17.5% ↑
New Motor Vehicle Dealers	531.9	8.3% ↑	11.0% ↑	7.2% ↑
Grocery Stores	245.2	7.2% ↑	8.8% ↑	5.2% ↑
Service Stations	232.9	-41.6% ↓	-34.0% ↓	-31.2% ↓
Casual Dining	221.8	-42.9% ↓	-39.4% ↓	-39.4% ↓
Quick-Service Restaurants	214.0	-8.5% ↓	-4.6% ↓	-8.7% ↓
Sporting Goods/Bike Stores	171.8	41.5% ↑	39.7% ↑	20.3% ↑
Electronics/Appliance Stores	161.8	-19.0% ↓	-12.1% ↓	-25.0% ↓
Warehse/Farm/Const. Equip.	157.6	6.2% ↑	20.2% ↑	15.3% ↑

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