

CITY OF PASO ROBLES

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



PASO ROBLES

TOTAL: \$ 3,212,282

13.6%
3Q2021



14.4%
COUNTY

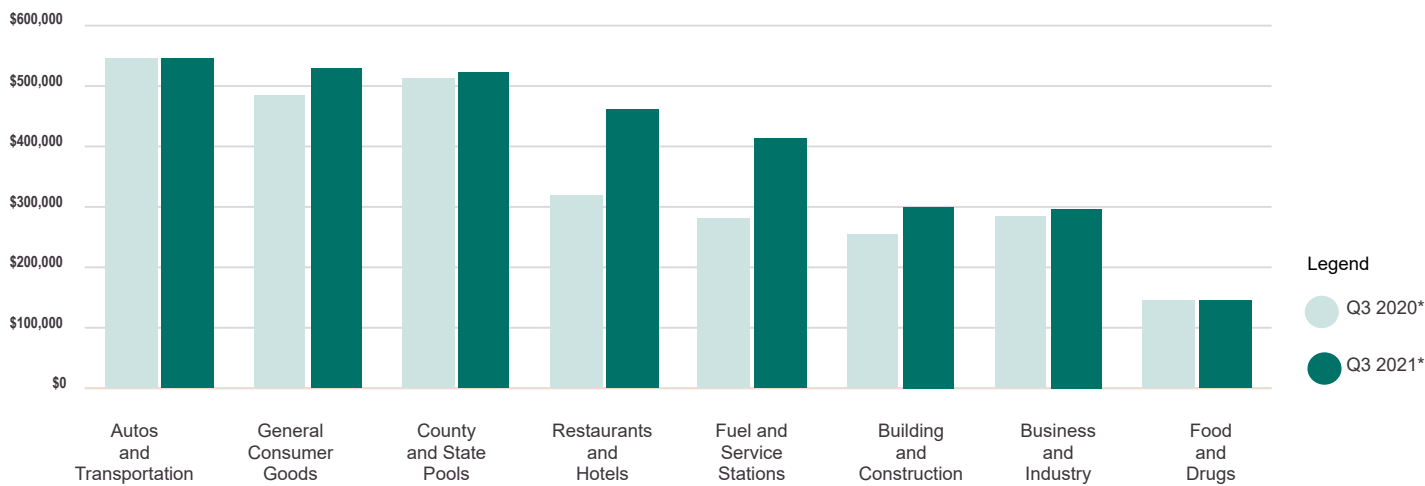


18.2%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Supplemental Tax

TOTAL: \$1,575,105

↑ 16.2%

Measure J20

TOTAL: \$3,108,616



CITY OF PASO ROBLES HIGHLIGHTS

Paso Robles' receipts from July through September were 10.8% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 13.6%.

Fuel prices soared during 2021 and with improved consumption compared to the stay-at-home restrictions from the prior year has resulted in another quarter with strong results in the fuel and service stations sector.

Restaurant recovery continues with increased sales and higher menu prices, for quick-service meals or dining at casual eateries. Home delivery for meals is here to stay after becoming a lifeline during earlier closures with pandemic

restrictions with results reported in county pool results.

While prices have increased for available vehicles for purchase, the volume of sales is down with reports that many dealers have less inventory availability. Losses from new car dealers led to a decline in sales within autos and transportation.

Measure E-12 (Supplemental Tax) benefited from higher results from service stations, casual dining activity and strong sales for general consumer goods. Paso Robles' Measure J20, the City's 1% voter approved district tax that went into effect April 1, 2021 had similar results.



TOP 25 PRODUCERS

- | | |
|--------------------------|-----------------------------|
| 7 Eleven | Paso Robles Chevrolet |
| Albertsons | Paso Robles Ford |
| Arco AM PM | Paso Robles Kia |
| Big Creek Lumber | Ross |
| Borjon Auto Center | Sky River RV |
| Buick GMC | Smart & Final |
| Eagle Energy 76 | South Paso Chevron |
| Firestone Walker Brewery | Target |
| Golden Hill Mobil | Third Base Market & Spirits |
| Idler's Home | TJ Maxx |
| JB Dewar | Walmart |
| Kohls | |
| Lowes | |
| McDonalds | |
| Mullahey Chrysler | |
| Dodge Jeep Ram | |



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

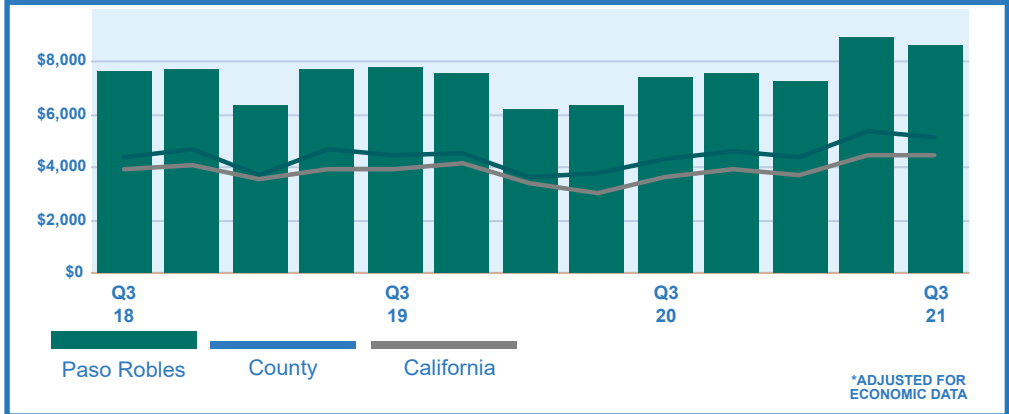
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome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

Paso Robles Business Type	Q3 '21*	Change	County Change	HdL State Change
Service Stations	356.9	41.3% ↑	42.6% ↑	53.4% ↑
New Motor Vehicle Dealers	326.2	-9.2% ↓	11.2% ↑	18.9% ↑
Casual Dining	221.9	50.1% ↑	38.7% ↑	68.4% ↑
Building Materials	202.5	10.5% ↑	10.8% ↑	5.3% ↑
Quick-Service Restaurants	119.6	15.7% ↑	8.1% ↑	13.5% ↑
Grocery Stores	87.6	-0.9% ↓	-1.9% ↓	-0.2% ↓
Family Apparel	70.8	26.3% ↑	13.6% ↑	39.0% ↑
Garden/Agricultural Supplies	60.5	7.0% ↑	-0.9% ↓	1.1% ↑
Wineries	55.0	10.3% ↑	19.4% ↑	25.8% ↑
Automotive Supply Stores	54.6	-8.3% ↓	3.5% ↑	4.5% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars