

CITY OF HOLLISTER

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



HOLLISTER

TOTAL: \$ 1,544,532

16.0%
3Q2020



14.3%
COUNTY

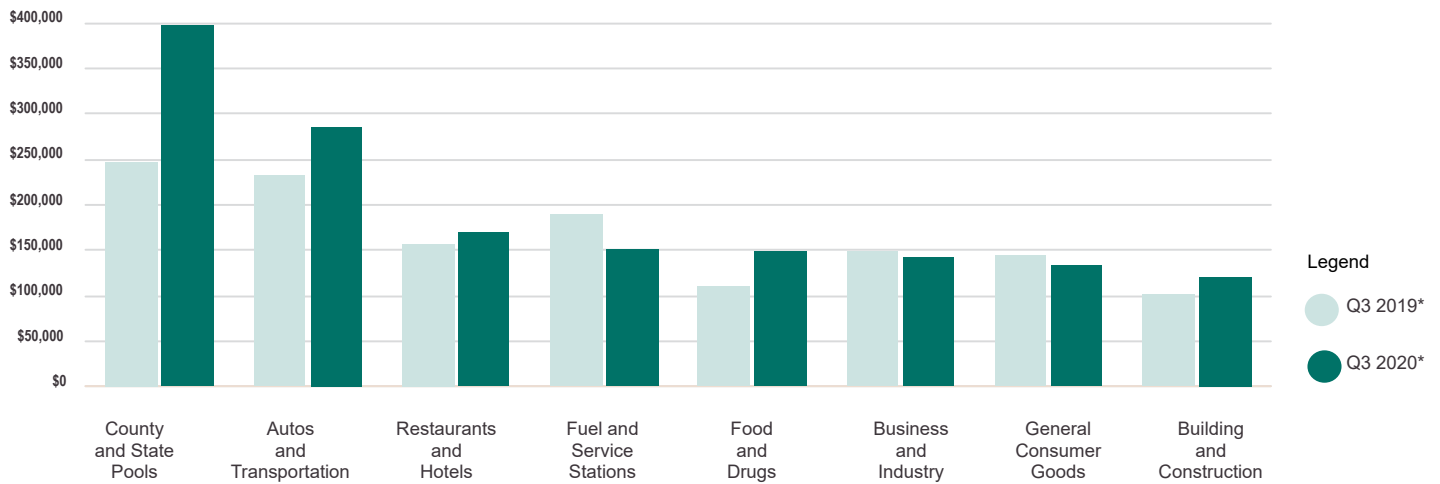


-0.9%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure W

TOTAL: \$1,807,459

↑ 13.9%



CITY OF HOLLISTER HIGHLIGHTS

Hollister's receipts from July through September were 8.0% above the third sales period in 2019. Excluding reporting aberrations, actual sales were up 16.0%.

This was the second full quarter impacted by the pandemic – and new and unusual spending patterns drove Hollister's sales tax receipts higher. Autos-transportation revenues grew – with a spike in new car sales punctuating the positive results. While staying at home bolstered food, drug and convenience store receipts – quick-service dining also spiked. Additionally, home projects and improvements drove up building-construction purchases.

The City's share of the countywide use tax pool allocations was up 60.9%. Growth in the pool was boosted by a combination of new taxes on out-of-state purchases from full implementation of AB147 (Wayfair), and surges in online shopping.

Voter-approved Measure W enjoyed a 13.9% jump – partially driven by on-line sales. Conversely, fuel-service stations, mirrored statewide trends with diminished revenues due to limited consumption and low gas prices. General consumer goods felt the pinch of the pandemic with reduced brick and mortar shopping and a store closure.



TOP 25 PRODUCERS

- Ace Hardware & Lumber
- AZ Electronics Materials
- Brigantino Irrigation
- California Forest Products
- Chevron
- Ciminos Cabinet Doors
- Crop Production Services
- Gateway Arco AM PM
- Genesis Marketplace
- Greenwood Chevrolet
- Greenwood Ford
- Hollister Chevron
- McDonalds
- McKinnon Lumber
- Nob Hill Foods
- Quik Stop
- Rite Aid
- Safeway
- Safeway Fuel Station
- Sandman
- Save Mart
- Shop N Save
- Taco Bell
- Target
- Teknova



STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last

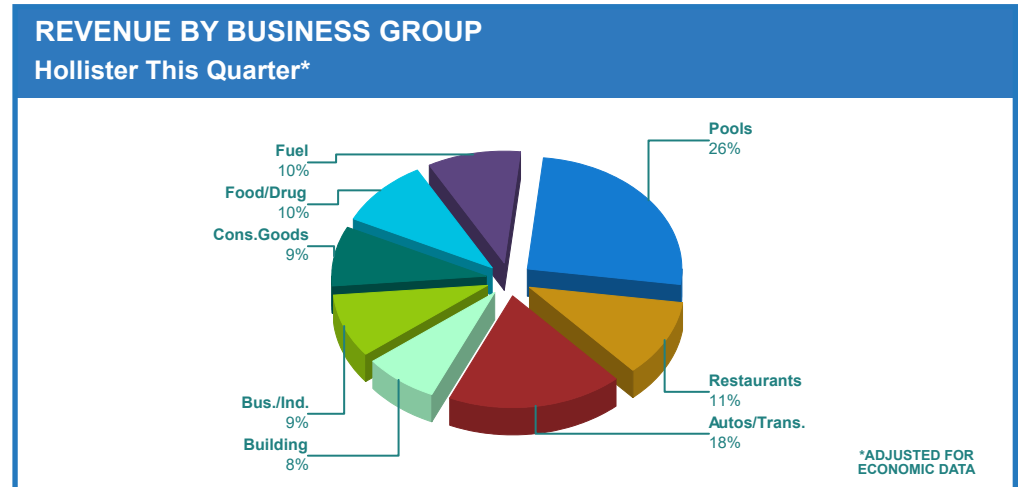
year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up

of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Hollister Business Type	Q3 '20*	Change	County Change	HdL State Change
Service Stations	150.1	-20.6% ↓	-19.7% ↓	-29.0% ↓
Quick-Service Restaurants	98.0	18.6% ↑	14.7% ↑	-10.2% ↓
Building Materials	75.6	26.9% ↑	26.7% ↑	16.4% ↑
Grocery Stores	74.8	14.6% ↑	14.0% ↑	7.1% ↑
Garden/Agricultural Supplies	55.6	-3.1% ↓	5.4% ↑	7.0% ↑
Casual Dining	53.5	-13.5% ↓	-16.0% ↓	-38.1% ↓
Automotive Supply Stores	49.5	3.2% ↑	3.9% ↑	5.6% ↑
Drugs/Chemicals	46.8	-5.1% ↓	-4.2% ↓	3.1% ↑
Contractors	37.8	0.6% ↑	-4.0% ↓	-5.7% ↓
Convenience Stores/Liquor	25.2	24.6% ↑	18.6% ↑	15.1% ↑

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*In thousands of dollars