

CITY OF HOLLISTER

SALES TAX UPDATE

1Q 2021 (JANUARY - MARCH)



HOLLISTER

TOTAL: \$ 1,583,471

21.7%
1Q2021



20.2%
COUNTY

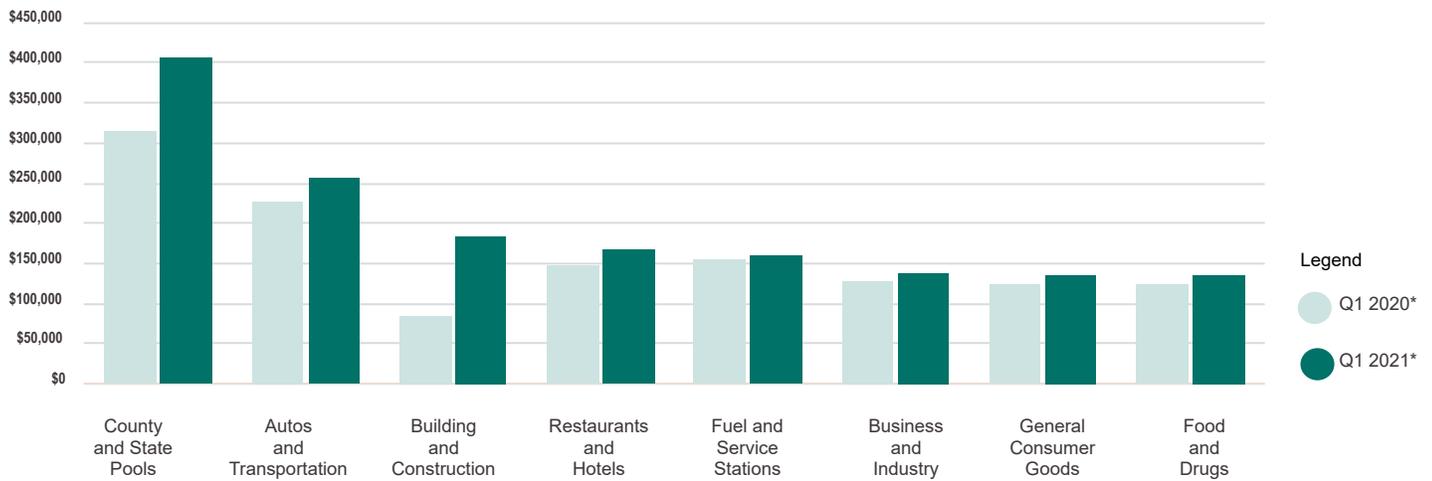


9.5%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure W

TOTAL: \$1,763,256

↑ 20.1%



CITY OF HOLLISTER HIGHLIGHTS

Hollister's receipts from January through March were 26.1% above the first sales period in 2020. However, adjustments for delayed payments and other reporting modifications resulted in actual sales that increased 21.7%.

Overall place of sale collections shot up 19.3%. Autos-transportation posted positive results as demand in this sector remained high. Building projects and the high price of lumber pushed building-construction revenues up 112.8%. However, this growth is skewed by a taxpayer reporting error that will likely result in a future negative correction.

Sales in the drugs/chemicals sector lifted business-industry receipts. Quick-service dining led the gains in restaurant-hotels receipts. Additionally, the City's share of the countywide use tax pool allocations spiked by 29.1%, boosted by onetime revenues and surges in online shopping.

Voter-approved Measure W generated \$1,763,256 in transactions and use tax, bolstered by new car sales and online shopping.

Net of adjustments, taxable sales for San Benito County grew 20.2% over the comparable period; the Central Coast region was up 9.7%.



TOP 25 PRODUCERS

- | | |
|----------------------------|----------------------|
| Ace Hardware & Lumber | McDonalds |
| AutoZone | McKinnon Lumber |
| AZ Electronics Materials | Nob Hill Foods |
| Brigantino Irrigation | Quik Stop |
| California Forest Products | Rite Aid |
| Chevron | Safeway |
| Crop Production Services | Safeway Fuel Station |
| Gateway Arco AM PM | Save Mart |
| Genesis Marketplace | Shop N Save |
| Greenwood Chevrolet | Star Concrete |
| Greenwood Ford | Target |
| Hollister Chevron | Teknova |
| KMG Electronics Chemicals | |



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions.

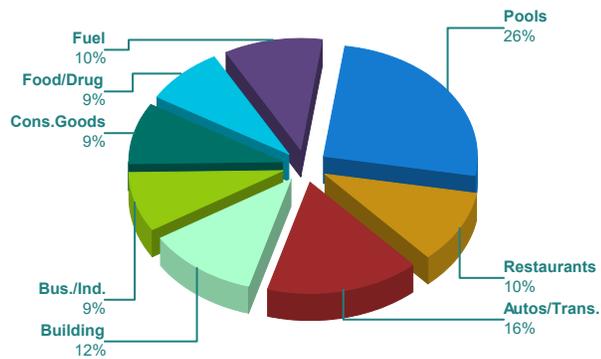
Changes in business structure required a taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

Although indoor dining was available in

many counties, the recovery for restaurants and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

REVENUE BY BUSINESS GROUP
Hollister This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Hollister Business Type	Q1 '21*	Change	County Change	HdL State Change
Service Stations	160.6	3.6% ↑	3.4% ↑	-3.8% ↓
Building Materials	139.7	179.1% ↑	179.1% ↑	18.9% ↑
Quick-Service Restaurants	93.1	18.7% ↑	16.2% ↑	1.1% ↑
Grocery Stores	67.4	-4.0% ↓	-2.8% ↓	-6.4% ↓
Drugs/Chemicals	54.3	17.9% ↑	17.9% ↑	1.5% ↑
Casual Dining	53.6	-6.6% ↓	-5.2% ↓	-18.9% ↓
Garden/Agricultural Supplies	45.2	1.6% ↑	8.6% ↑	8.8% ↑
Automotive Supply Stores	45.2	0.2% ↑	-0.8% ↓	13.7% ↑
Contractors	39.1	21.9% ↑	21.4% ↑	3.6% ↑
Convenience Stores/Liquor	21.8	22.1% ↑	16.8% ↑	10.3% ↑

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*In thousands of dollars