

CITY OF HOLLISTER

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



HOLLISTER

TOTAL: \$ 1,817,780

26.1%
2Q2021



29.9%
COUNTY

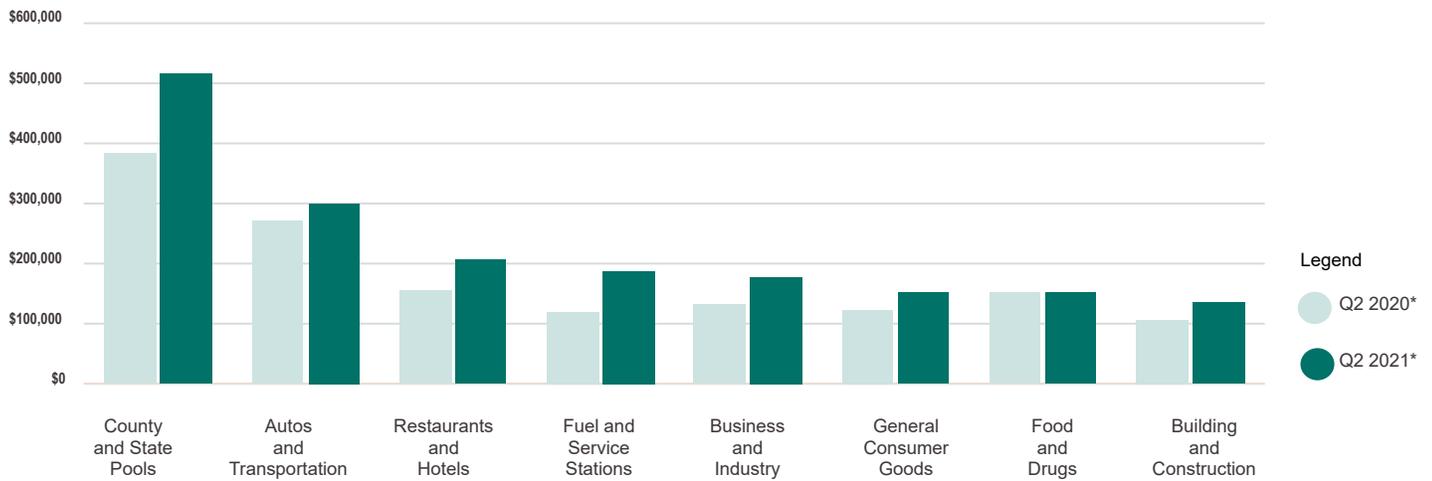


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure W

TOTAL: \$2,145,144

↑ 35.4%



CITY OF HOLLISTER HIGHLIGHTS

Hollister's receipts from April through June were 24.5% above the second sales period in 2020. Excluding reporting adjustments, receipts for the period were up 26.1%.

Last year at this time, sales activity for local businesses was down 3.5% but the allocation from the use tax pool, which was bulging with tax from online sales, offset that decline so that total receipts came in 7% more than in the comparison period in the prior year.

This time around, local business' sales are up 22% and the pool is adding to that increase. One exception to the growth trend is grocery stores, which are

yielding sales now that indoor dining is available and fewer home cooked meals are being prepared.

Measure W's results reflect what is happening statewide with regard to auto purchases. Here, the number of new and used cars registered in the community increased 67% and 81% respectively.

Net of adjustments, taxable sales for all of San Benito County grew 30.2% over the comparable time period while those of the Central Coast region were up 35.3%.



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
- Ranch Gas & Food
- Royal Circuit Solutions
- Safeway
- Safeway Fuel Station
- Save Mart
- Shop N Save
- Star Concrete
- Target
- Teknova



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

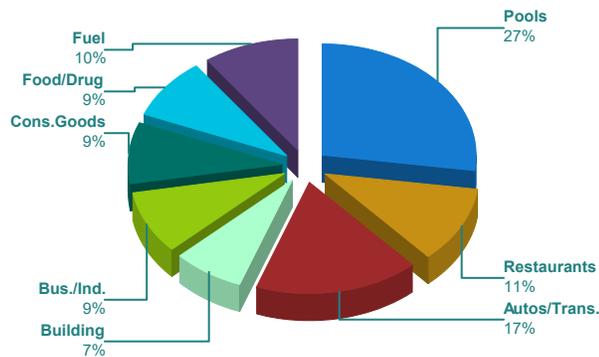
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.

REVENUE BY BUSINESS GROUP Hollister This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Hollister Business Type	Q2 '21*	Change	County Change	HdL State Change
Service Stations	185.9	54.1% ↑	54.2% ↑	73.9% ↑
Quick-Service Restaurants	107.9	24.1% ↑	22.6% ↑	28.8% ↑
Building Materials	78.4	8.6% ↑	8.6% ↑	21.7% ↑
Casual Dining	76.3	44.0% ↑	50.0% ↑	130.3% ↑
Grocery Stores	75.3	-4.5% ↓	-3.3% ↓	-0.9% ↓
Garden/Agricultural Supplies	67.9	40.6% ↑	42.5% ↑	10.2% ↑
Drugs/Chemicals	63.9	30.8% ↑	30.5% ↑	13.1% ↑
Contractors	51.9	70.8% ↑	45.6% ↑	23.6% ↑
Automotive Supply Stores	48.0	7.2% ↑	1.8% ↑	15.1% ↑
Convenience Stores/Liquor	24.5	-3.4% ↓	5.7% ↑	7.1% ↑

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*In thousands of dollars