

# CITY OF HOLLISTER

## SALES TAX UPDATE

### 3Q 2021 (JULY - SEPTEMBER)



#### HOLLISTER

TOTAL: \$ 1,670,995

7.4%  
3Q2021



8.8%  
COUNTY

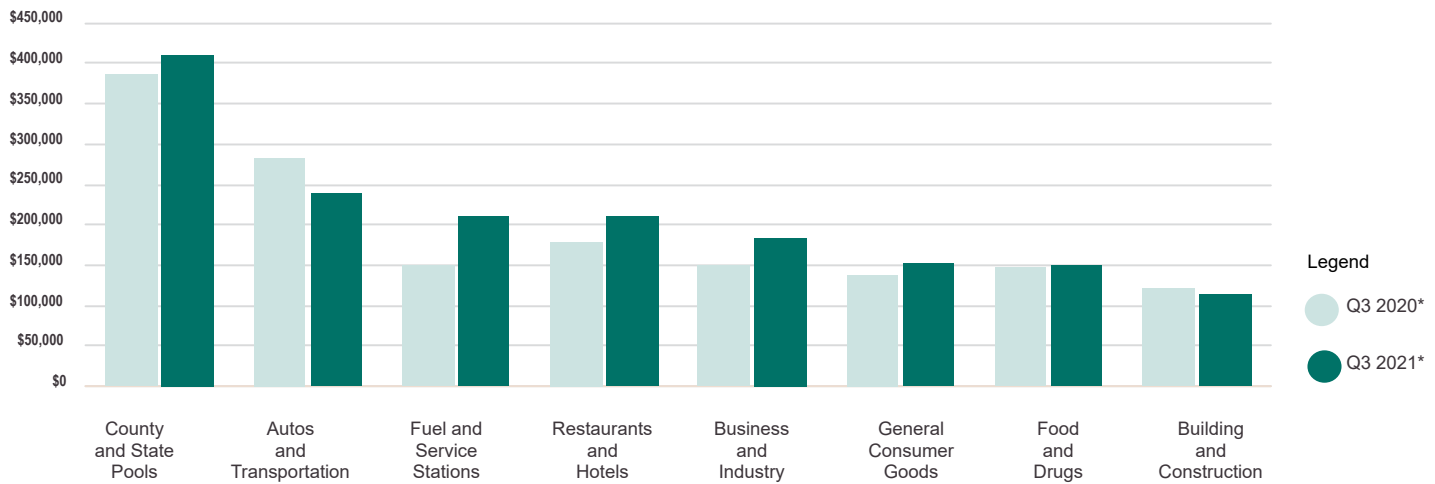


18.3%  
STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure W

TOTAL: \$2,113,079

15.8%



#### CITY OF HOLLISTER HIGHLIGHTS

Hollister's receipts from July through September were 13% above the third sales period in 2020. After reporting modifications, actual sales were up 7.4%. Place of sale collections grew 7.7% compared to the extreme lows of a year ago.

Third summer of 2021 reflected higher consumer confidence and a return of activity to the region. Rising menu prices and the strong desire to dine out contributed to growth in restaurants – with casual dining receipts soaring 30%; although, much of the growth is attributed to the capacity restrictions in the comparable quarter.

The City's share of the countywide use tax pool allocations jumped 6.4%. The pools remain a solid source of local revenue, boosted by taxes on online purchases as people continue to embrace e-commerce. General consumer goods shot up as people returned to in-store shopping. Garden/agricultural supply sales boosted business-industry results.

Conversely, activity in the autos-transportation group slowed with a dip in revenues of 15.3%. Building-construction pulled back a bit during the quarter led by lower building material sales. Gains in voter-approved Measure W were assisted by merchandise sales and dining.



#### TOP 25 PRODUCERS

Ace Hardware & Lumber  
AZ Electronics Materials  
Brigantino Irrigation  
Chevron  
Crop Production Services  
Gateway Arco AM PM  
Genesis Marketplace  
Greenwood Chevrolet  
Greenwood Ford  
Hollister Chevron  
KMG Electronics Chemicals  
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  
Taco Bell  
Target  
Teknova



## 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

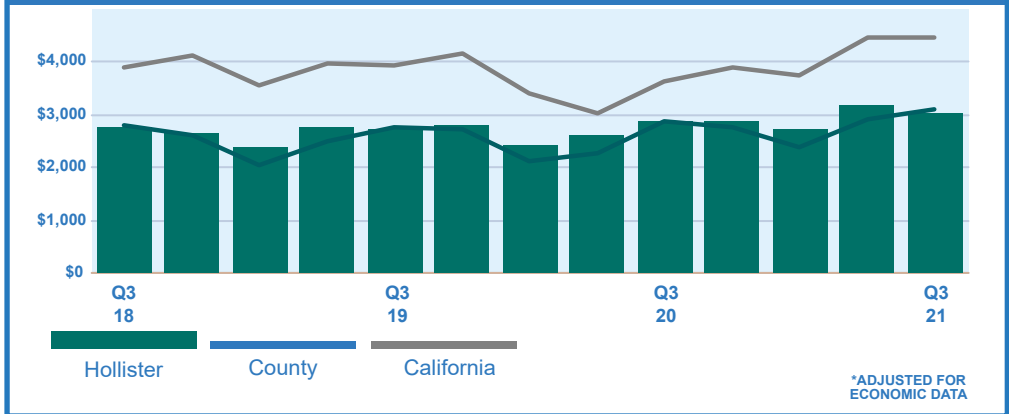
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome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

Hollister Business Type	Q3 '21*	Change	County Change	HdL State Change
Service Stations	210.7	40.2% ↑	39.3% ↑	53.6% ↑
Quick-Service Restaurants	106.5	8.8% ↑	9.5% ↑	13.5% ↑
Casual Dining	82.8	31.0% ↑	32.6% ↑	68.4% ↑
Garden/Agricultural Supplies	75.6	36.0% ↑	11.2% ↑	1.2% ↑
Grocery Stores	73.4	-1.9% ↓	-1.6% ↓	-0.2% ↓
Building Materials	68.1	-11.5% ↓	-11.5% ↓	5.4% ↑
Drugs/Chemicals	59.0	25.9% ↑	25.5% ↑	4.7% ↑
Automotive Supply Stores	46.6	-0.6% ↓	0.4% ↑	4.5% ↑
Contractors	39.8	0.0% ↑	-1.2% ↓	12.2% ↑
Convenience Stores/Liquor	25.3	0.2% ↑	5.4% ↑	-0.3% ↓

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\*In thousands of dollars