

CITY OF HOLLISTER

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



HOLLISTER

TOTAL: \$ 1,545,979

-5.9%

4Q2021



20.0%

COUNTY



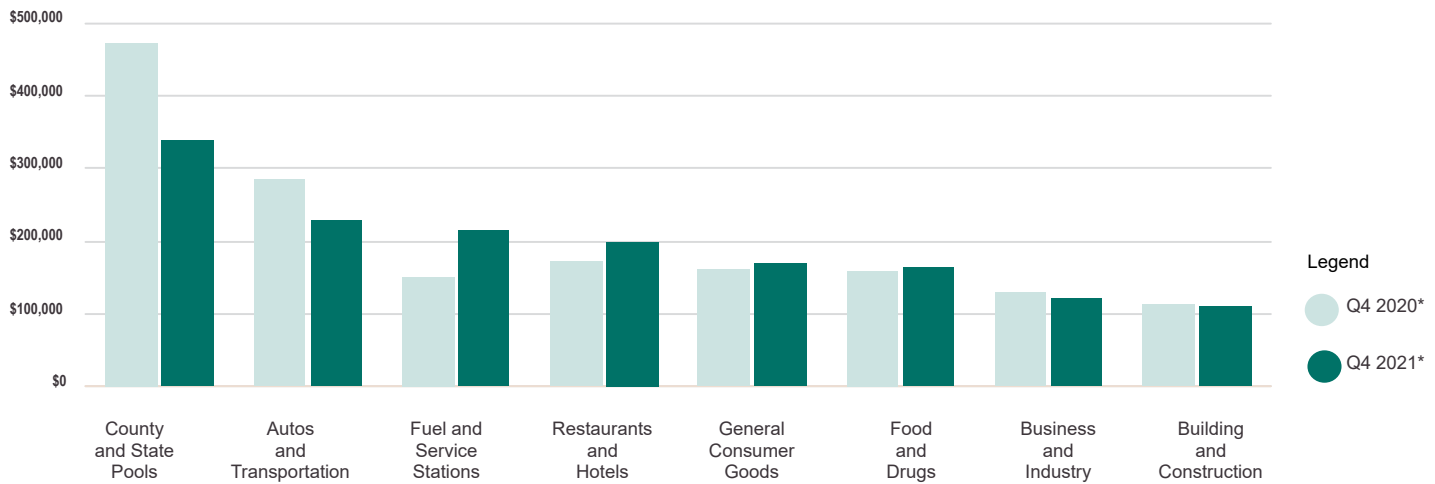
15.6%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure W

TOTAL: \$2,084,881

↑ 7.4%



CITY OF HOLLISTER HIGHLIGHTS

Hollister's receipts from October through December were 8.9% below the fourth sales period in 2020. Excluding reporting aberrations, actual sales were down 5.9%.

Rising prices at the pumps pushed service station receipts up.

Increasing menu prices and the strong desire to dine out contributed to the rise in restaurants, and the growth further increased by the capacity restrictions in the comparable quarter; casual dining grew 20% while quick-service restaurants grew 11%, both surpassing pre-pandemic levels.

General consumer goods was boosted

by a new outlet, but even with the additional store, the group is still below pre-pandemic levels.

The use tax to the pool was down and a large one-time allocation to another agency in the county reduced the City's portion of the pool, both aspects caused the City's allocation to decrease 28%.

Measure W was boosted by increases in vehicle purchases, fuel sales and online purchases.

Net of aberrations, taxable sales for all of San Benito County grew 20.0% over the comparable time period; the Central Coast region was up 11.6%.



TOP 25 PRODUCERS

Ace Hardware & Lumber
 AZ Electronics Materials
 Brigantino Irrigation
 California Forest Products
 Chevron
 Gateway Arco AM PM
 Genesis Marketplace
 Greenwood Chevrolet
 Greenwood Ford
 Hollister Chevron
 McDonalds
 McKinnon Lumber
 Nob Hill Foods
 Quik Stop

Ranch Gas & Food
 Safeway
 Safeway Fuel Station
 Save Mart
 Shell Gas & Mini Mart
 Shop N Save
 Star Concrete
 Taco Bell
 Target
 Teknova
 Verizon Wireless



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 15% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women’s apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

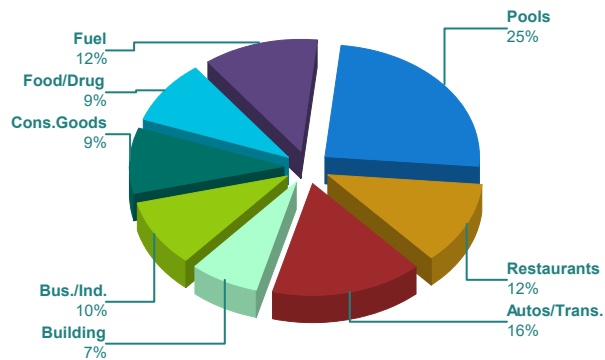
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State’s history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia’s war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

REVENUE BY BUSINESS GROUP
Hollister This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Hollister Business Type	Q4 '21*	Change	County Change	HdL State Change
Service Stations	216.0	44.8% ↑	43.8% ↑	53.8% ↑
Quick-Service Restaurants	104.4	11.5% ↑	10.7% ↑	12.2% ↑
Grocery Stores	87.8	-0.6% ↓	-0.6% ↓	0.6% ↑
Casual Dining	72.7	24.2% ↑	22.9% ↑	66.4% ↑
Building Materials	69.7	5.6% ↑	5.6% ↑	2.3% ↑
Automotive Supply Stores	47.4	7.0% ↑	8.7% ↑	10.5% ↑
Drugs/Chemicals	46.7	-12.9% ↓	-14.1% ↓	2.9% ↑
Garden/Agricultural Supplies	40.7	16.2% ↑	17.8% ↑	5.7% ↑
Contractors	35.5	-14.1% ↓	-5.8% ↓	5.3% ↑
Convenience Stores/Liquor	24.4	3.7% ↑	5.2% ↑	2.1% ↑

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*In thousands of dollars