

Q2 2020



South Lake Tahoe Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

South Lake Tahoe In Brief

South Lake Tahoe's receipts from April through June were 27.1% above the second sales period in 2019; cash results were inflated by a large, one-time correction. Excluding reporting aberrations, actual sales were down 12.5%.

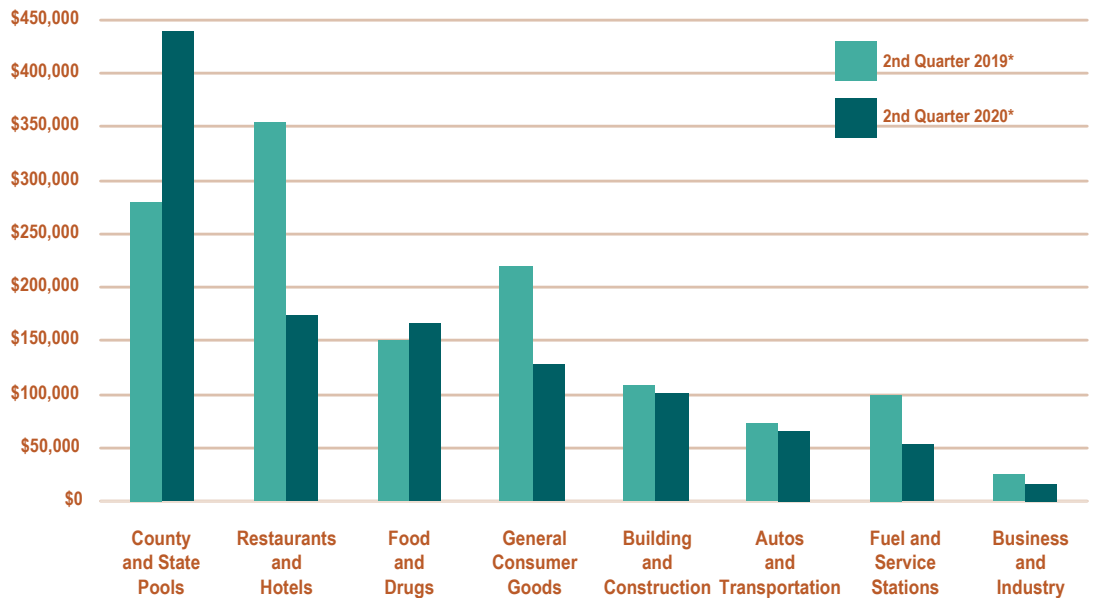
Second quarter 2020 was the economic bottoming out from the COVID-19 pandemic. Much smaller numbers of travelers had a profound negative impact on casual and quick service eateries and service stations. With doors closed for all but a few essential businesses, general consumer goods sectors reported significant declines in tax revenues.

The growth in the countywide pool allocation from an increase in online sales significantly offset some of the point of sale losses. Other bright spots were building materials with 5% growth and grocery stores with 8% growth.

Voter approved Measure Q generated \$556,705 in sales tax revenue; experiencing the same declines in restaurants and service stations.

Net of aberrations, taxable sales for all of El Dorado County declined 5.4% over the comparable time period; the Sacramento region was down 8.7%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Aisle 1	Ross
Base Camp Pizza	Safeway
BevMo	Safeway Fuel
Big 5	Smart & Final
CVS Pharmacy	Sports Ltd
Do it Yourself Home Center	Tahoe Sand & Gravel
Grocery Outlet	Tahoe Valley Electric Supply
Jim Bagan Toyota	Tahoe Wellness
Kmart	TJ Maxx
McDonalds	Up Shirt Creek
Meeks Building Center	Western Nevada Supply
Raley's	Whole Foods Market
Rite Aid	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q4 to Q2)

	2018-19	2019-20
Point-of-Sale	\$3,187,001	\$2,676,840
County Pool	756,559	947,094
State Pool	1,693	1,600
Gross Receipts	\$3,945,253	\$3,625,535
Measure Q	\$2,094,679	\$1,958,707

Statewide Results

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

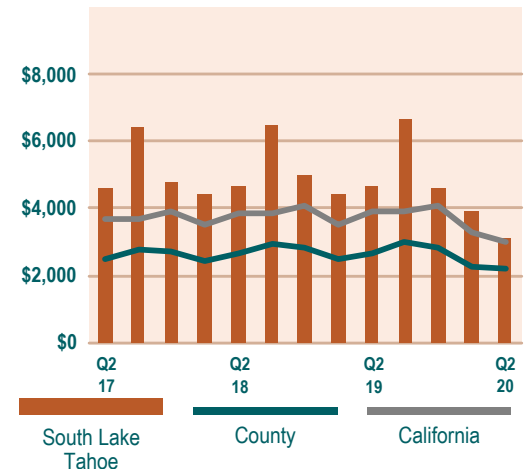
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

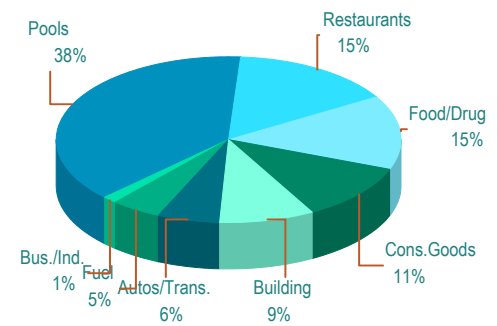
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP South Lake Tahoe This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

SOUTH LAKE TAHOE TOP 15 BUSINESS TYPES**

Business Type	South Lake Tahoe		County	HdL State
	Q2 '20	Change	Change	Change
Automotive Supply Stores	19,226	4.1%	2.9%	-4.7%
Building Materials	50,572	5.1%	16.0%	7.0%
Cannabis Related	— CONFIDENTIAL —		61.0%	40.3%
Casual Dining	109,049	-55.2%	-47.4%	-53.2%
Contractors	29,977	-18.8%	-11.1%	-12.2%
Convenience Stores/Liquor	24,563	-17.1%	1.8%	8.4%
Drug Stores	— CONFIDENTIAL —		2.1%	0.1%
Family Apparel	32,506	-53.1%	-55.4%	-66.3%
Fast-Casual Restaurants	17,527	-10.1%	-14.3%	-30.3%
Grocery Stores	89,949	8.3%	18.4%	7.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —		1.6%	-15.8%
Quick-Service Restaurants	36,962	-24.7%	-16.5%	-22.0%
Service Stations	51,507	-46.8%	-43.4%	-45.2%
Specialty Stores	13,383	-39.4%	-23.3%	-35.9%
Sporting Goods/Bike Stores	39,704	-27.8%	-23.7%	-11.0%
Total All Accounts	707,880	-31.4%	-16.7%	-24.0%
County & State Pool Allocation	439,506	57.2%	37.9%	28.2%
Gross Receipts	1,147,386	-12.5%	-5.4%	-16.4%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.