

CITY OF SOUTH LAKE TAHOE

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



SOUTH LAKE TAHOE

TOTAL: \$ 2,004,043

8.7%
3Q2020



7.1%
COUNTY

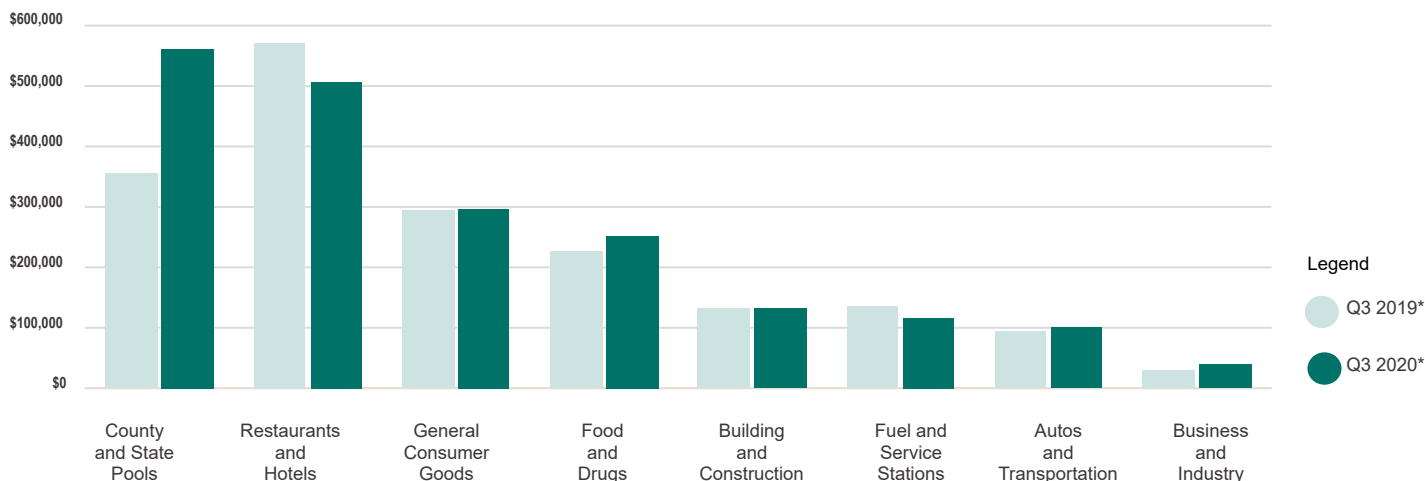


-0.9%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure Q

TOTAL: \$1,008,345

7.5%



CITY OF SOUTH LAKE TAHOE HIGHLIGHTS

South Lake Tahoe's receipts from July through September were 11.0% above the third sales period in 2019. Excluding reporting aberrations, actual sales were up 8.7%.

Restaurants-hotels operated in limited ways, thus declines materialized in casual dining; hotels/resorts fell 46%. Less visitors equated to smaller quantities of fuel being sold; service stations deteriorated 16%.

General consumer goods decreased primarily through a taxpayer non-payment, however, solid sales came in from apparel, sporting goods and specialty stores. Autos-transportation

remitted better numbers. Building-construction stayed steady. Recently opened locations boosted fast casual eateries and grocery stores.

The point of sale decline was offset by a 57% increase in the City's allocation from the use tax pool which reported Wayfair decision that required out of state companies to collect sales tax and increased demand for online purchases due to the pandemic that changed consumers' buying habits.

Measure Q added \$1,008,345, up 7% over year-ago figures led by general retail and auto related companies.



TOP 25 PRODUCERS

- | | |
|----------------------------|--------------------------------|
| Aisle 1 | Riva Grill on the Lake |
| Azul Latin Kitchen | Ross |
| Base Camp Pizza | Safeway |
| BevMo | Safeway Fuel |
| CVS Pharmacy | Smart & Final |
| Do it Yourself Home Center | Sports Ltd |
| Embarc Tahoe | Stateline Brewery & Restaurant |
| Grocery Outlet | TJ Maxx |
| Heavenly Sports | Up Shirt Creek |
| Jim Bagan Toyota | Western Nevada Supply |
| KB Chevron | |
| McDonalds | |
| McP's Pub Tahoe | |
| Meeks Building Center | |
| Raleys | |



STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last

year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

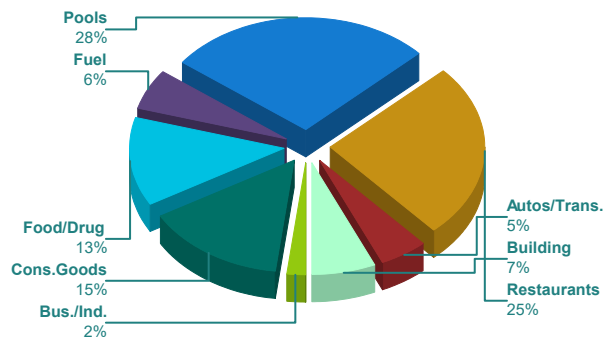
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up

of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

REVENUE BY BUSINESS GROUP
South Lake Tahoe This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

South Lake Tahoe Business Type	Q3 '20*	Change	County Change	HdL State Change
Casual Dining	319.1	-15.7% ↓	-15.1% ↓	-38.0% ↓
Grocery Stores	146.9	14.8% ↑	16.6% ↑	7.1% ↑
Service Stations	113.0	-14.5% ↓	-19.4% ↓	-29.0% ↓
Family Apparel	102.0	4.0% ↑	1.4% ↑	-24.4% ↓
Sporting Goods/Bike Stores	76.2	6.9% ↑	5.0% ↑	22.0% ↑
Quick-Service Restaurants	70.3	2.1% ↑	-2.5% ↓	-10.2% ↓
Building Materials	56.0	-3.8% ↓	20.3% ↑	16.4% ↑
Convenience Stores/Liquor	50.2	21.0% ↑	27.7% ↑	15.1% ↑
Contractors	49.6	-0.3% ↓	-19.9% ↓	-5.7% ↓
Fast-Casual Restaurants	39.2	35.4% ↑	23.8% ↑	-14.1% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars