

CITY OF SOUTH LAKE TAHOE

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



SOUTH LAKE TAHOE

TOTAL: \$ 1,764,637

51.3%
2Q2021



28.2%
COUNTY

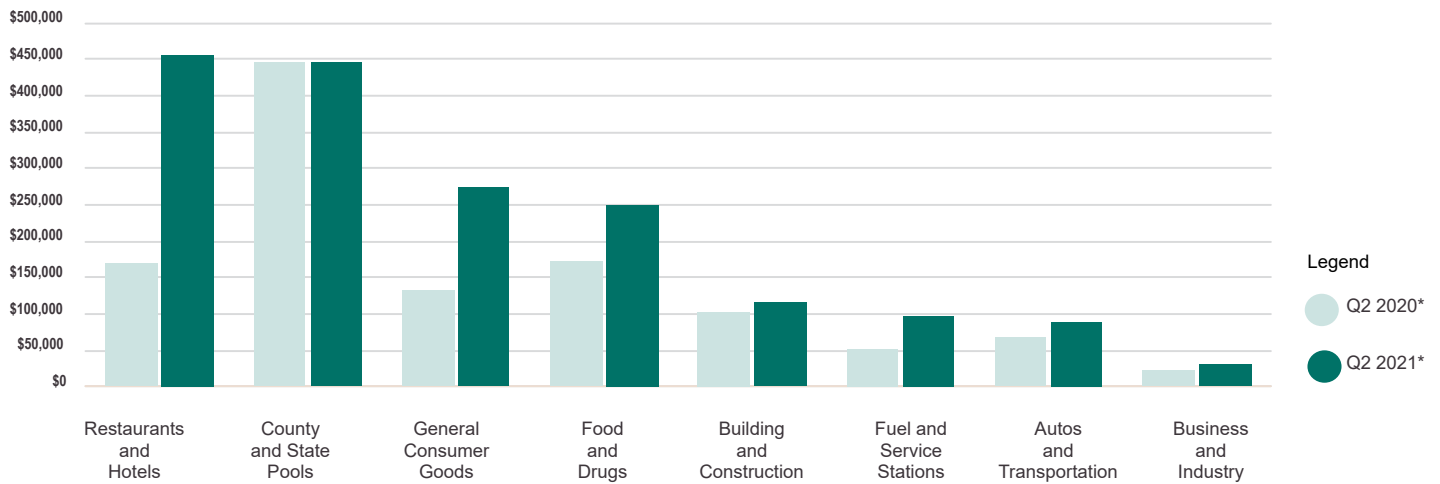


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure Q
TOTAL: \$890,921
↑ 53.9%

Measure S
TOTAL: \$1,742,432
→



CITY OF SOUTH LAKE TAHOE HIGHLIGHTS

South Lake Tahoe's sales tax receipts from April through June were 10.5% above the second sales period in 2020. Adjustments for delayed payments, audits and other reporting modifications resulted in actual sales that were up 51.3%. Overall place of sale collections soared 82.5% compared to the extreme lows of a year ago.

Tourism roared back as people left their homes for food and fun. Restaurants-hotels skyrocketed 168.4% – with casual dining leading the rebound. Hotels and entertainment receipts also posted double-digit gains. With confidence in safety and some money to spend, people returned to in-store shopping in force.

The City's share of the countywide use tax pool allocations edged up .5%, with growth boosted by new taxes on out-of-state online purchases and surges in online shopping.

Measure Q's positive results reflect significant growth in restaurant activity, as well as in-store and online merchandise transactions. New Measure S, effective 4/1/2021, reported results for the first time.

Net of adjustments, taxable sales for all of El Dorado County grew 28.2% over the comparable time period; the Sacramento region was up 36.1%.



TOP 25 PRODUCERS

- | | |
|----------------------------|------------------------|
| Aisle 1 | Riva Grill on the Lake |
| Azul Latin Kitchen | Ross |
| Base Camp Pizza | Safeway |
| BevMo | Safeway Fuel |
| California Burger | Sports |
| CVS Pharmacy | Tahoe Green |
| Do it Yourself Home Center | Tahoe Wellness |
| 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 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.

SALES TAX RATE BREAKDOWN

8.75%

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
South Lake Tahoe Transactions and Use Tax (SLTG)	0.5000%
South Lake Tahoe 2021 Transactions Tax (SLTU)	1.0000%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%

Tax Rate Effective April 01, 2021
8.7500%

TOP NON-CONFIDENTIAL BUSINESS TYPES

South Lake Tahoe Business Type	Q2 '21*	Change	County Change	HdL State Change
Casual Dining	318.8	192.4% ↑	109.7% ↑	130.2% ↑
Grocery Stores	106.8	20.7% ↑	2.7% ↑	-0.9% ↓
Family Apparel	105.5	230.1% ↑	206.6% ↑	230.5% ↑
Service Stations	96.1	91.1% ↑	65.3% ↑	73.9% ↑
Sporting Goods/Bike Stores	64.9	59.2% ↑	40.2% ↑	35.8% ↑
Quick-Service Restaurants	58.0	63.6% ↑	34.8% ↑	28.9% ↑
Building Materials	55.6	7.9% ↑	16.0% ↑	21.7% ↑
Convenience Stores/Liquor	42.4	40.7% ↑	15.8% ↑	7.0% ↑
Contractors	32.7	8.9% ↑	13.8% ↑	23.7% ↑
Fast-Casual Restaurants	30.5	73.9% ↑	60.1% ↑	43.8% ↑

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**In thousands of dollars*