

CITY OF SOUTH LAKE TAHOE

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



SOUTH LAKE TAHOE

TOTAL: \$ 1,569,626

-2.7%

4Q2021



2.7%

COUNTY



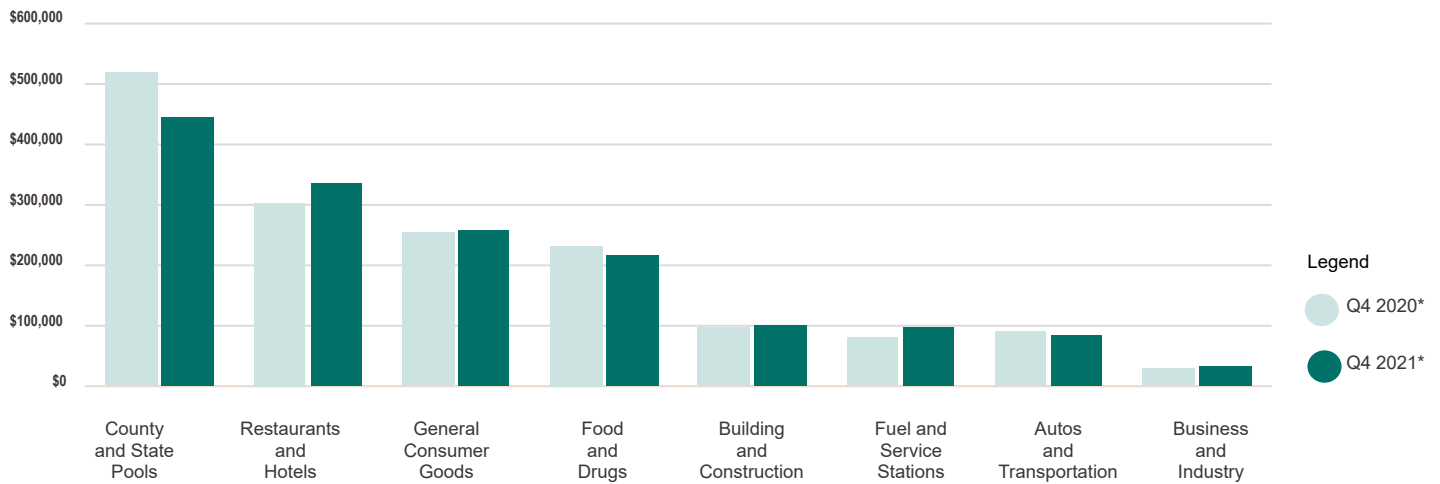
15.6%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure Q

TOTAL: \$849,659

↑ 1.2%

Measure S

TOTAL: \$1,647,151



CITY OF SOUTH LAKE TAHOE HIGHLIGHTS

South Lake Tahoe's receipts from October through December were 4.4% above the fourth sales period in 2020. Excluding reporting adjustments, receipts for the period were down 2.7% as the effects of the Caldor Fire carried over into the start of the quarter.

The results for local businesses reflect a nearly 3% gain overall as the fire limited tourism in the area until well after the start of the quarter. Despite this, the restaurant group posted a 10% increase while gas stations took advantage of an increase in both prices and demand to post an 18% increase.

The use tax pool shows that receipts

from online retailers were lower and not just because of prior reporting changes. This cut the City's allocation by more than 14% which pulled down results overall.

Results for the two local tax Measures Q and S reflected much of the same but they still posted respectable totals.

Net of adjustments, taxable sales for all of El Dorado County grew 2.7% over the comparable time period while those of the Sacramento region were up 14.0%.



TOP 25 PRODUCERS

- | | |
|----------------------------|------------------------|
| Aisle 1 | Raleys |
| Azul Latin Kitchen | Riva Grill on the Lake |
| Base Camp Pizza | Ross |
| BevMo | Safeway |
| California Burger | Safeway Fuel |
| Cannablu | Sports Ltd |
| CVS Pharmacy | Tahoe Wellness |
| Do it Yourself Home Center | TJ Maxx |
| Heavenly Sports | Up Shirt Creek |
| Jim Bagan Toyota | Western Nevada Supply |
| KB Chevron | |
| Les Schwab Tire Center | |
| Marcus Ashley Gallery | |
| McDonalds | |
| Meeks Building Center | |



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.

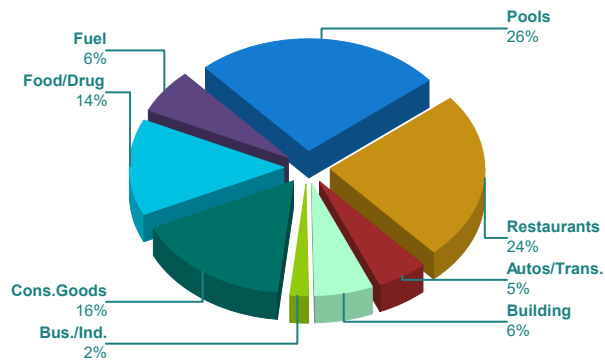
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, 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
South Lake Tahoe This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

South Lake Tahoe Business Type	Q4 '21*	Change	County Change	HdL State Change
Casual Dining	243.8	16.7% ↑	24.1% ↑	66.4% ↑
Grocery Stores	111.7	-14.1% ↓	-5.9% ↓	0.6% ↑
Service Stations	94.6	18.8% ↑	32.7% ↑	53.8% ↑
Sporting Goods/Bike Stores	85.3	13.4% ↑	8.4% ↑	1.5% ↑
Family Apparel	80.4	-1.1% ↓	2.7% ↑	27.2% ↑
Cannabis Related	45.5	24.2% ↑	27.1% ↑	0.4% ↑
Building Materials	44.9	-1.7% ↓	-7.2% ↓	2.3% ↑
Quick-Service Restaurants	41.5	-16.0% ↓	3.6% ↑	12.1% ↑
Convenience Stores/Liquor	33.8	-15.9% ↓	-1.9% ↓	2.1% ↑
Contractors	30.2	20.4% ↑	42.8% ↑	5.3% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars