

CITY OF PLEASANTON

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



PLEASANTON

TOTAL: \$ 6,378,904

17.5%
3Q2021



14.2%
COUNTY

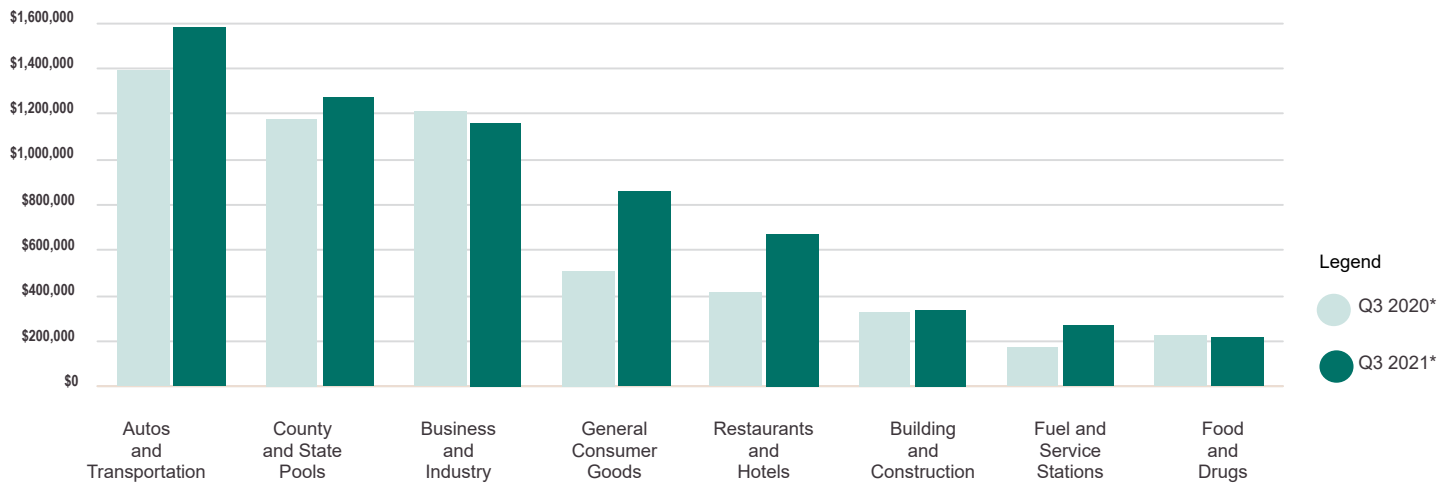


18.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF PLEASANTON HIGHLIGHTS

Pleasanton's receipts from July through September were 20.8% above the third sales period in 2020. After reporting modifications, actual sales were up 17.5%. Overall place of sale collections soared 20.1% compared to the lows of a year ago.

Similar to statewide trends, auto sales remained strong as buyers snapped up remaining inventories. Home and construction projects boosted building-construction revenues with high returns in all categories.

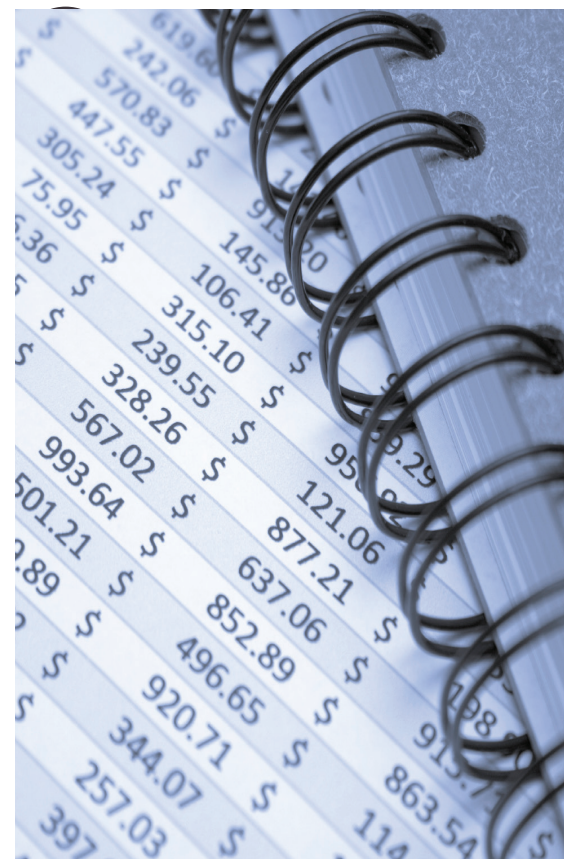
Once again merchandise sales boomed, reflecting a return to in-store shopping and consumer spending as people felt safer out in public. Sales in family apparel and department store goods helped drive the general consumer goods results.

The City's share of the countywide use

tax pool allocations rose 7.9%. The pools remain a solid source of revenue, boosted by taxes on online purchases as people continue to embrace the convenience of e-commerce.

Casual dining roared back as people once again enjoyed dining out - which may have contributed to reduced food-drug shopping. Positive receipts in the leisure/entertainment sector also demonstrated the desire to get out of the house during the quarter. Service station revenues spiked as higher gas prices and increased travel propelled receipts back to pre-pandemic levels.

Conversely, the business-industry category had mixed results, and even solid sales in the business services sector was not enough to push the group into positive territory.





STATEWIDE RESULTS

Local one cent sales and use tax receipts for sales occurring July through September were 18% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These aberrations had been much greater than normal in the last two years as the Governor's Executive Orders allowed businesses to defer some sales tax payments as a supportive measure during the pandemic. This program has now expired, and merchant remittances are more consistent, making cash receipts more reflective of underlying economic activity.

The prior year comparison quarter was the start of the pandemic recovery, and the strong growth enjoyed since continued with the recent results.

Surprisingly, one of the stronger sectors has been restaurants and hotels. Originally forecasted to take an extended amount of time to recover, statewide sales tax generated during the summer months exceeded amounts from pre-pandemic 2019. Even with the availability of indoor and outdoor dining, pent up demand resulted in long wait times to enjoy local culinary experiences. When combined with increasing restaurant tabs as the cost of food and staff wages surge, sales tax remittances are expected to continue growing. Additionally, while the industry awaits the return of foreign tourism in metropolitan areas, strong domestic travel has helped varied regions around the state especially Southern California and the Central Coast.

Receipts from general consumer goods marked a steady recovery, led by apparel retailers, jewelry, electronic/appliance and specialty outlets. Discount department stores, especially those selling gas, helped exemplify the strength of brick-and-mortar

merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome sign leading up to the holiday shopping period.

Although car dealers had expressed concerns about inventory shortages due to supply chain disruptions and computer chip shortages earlier in the year, the sale of new and used vehicles posted solid gains regardless. Higher property values and good weather contributed to strong building

materials and contractor returns. As commuting workers and travelers returned to the road with increased gas prices, fuel and service stations also experienced a dramatic recovery.

Overall growth is expected to continue through the end of the 2021 calendar year. Possible headwinds into 2022 include: pent up demand for travel and experiences shifting spending away from taxable goods; higher prices for fuel, merchandise and services displacing more of consumer's disposable income; and expected interest rate hikes resulting in more costly financing for automobiles, homes, and consumer loans.

SALES TAX RATE BREAKDOWN

10.25%

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
BART in Alameda County (BART)	0.5000%
Alameda County Transportation Improvement Authority (ACTI)	0.5000%
Alameda County Essential Healthcare Services Transactions and Use Tax (ACHC)	0.5000%
Alameda County Transportation Commission (ACTC)	0.5000%
Alameda County Children's Health Transactions Tax (ACCT)	0.5000%
Alameda County Transactions & Use Tax (ACTU)	0.5000%

Tax Rate Effective July 01, 2021
10.2500%

TOP NON-CONFIDENTIAL BUSINESS TYPES

Pleasanton Business Type	Q3 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	959.2	11.2% ↑	15.7% ↑	18.9% ↑
Casual Dining	356.6	64.2% ↑	66.6% ↑	68.3% ↑
Medical/Biotech	352.3	-8.1% ↓	9.6% ↑	7.9% ↑
Service Stations	266.3	55.6% ↑	50.3% ↑	53.6% ↑
Building Materials	219.5	2.0% ↑	3.7% ↑	5.4% ↑
Department Stores	169.7	58.5% ↑	44.5% ↑	52.1% ↑
Quick-Service Restaurants	168.5	22.2% ↑	15.7% ↑	13.5% ↑
Business Services	139.2	115.3% ↑	35.3% ↑	23.9% ↑
Auto Lease	138.7	-13.4% ↓	-7.5% ↓	-1.9% ↓
Electronics/Appliance Stores	117.2	139.2% ↑	22.8% ↑	19.7% ↑

**Allocation aberrations have been adjusted to reflect sales activity*
**In thousands of dollars*