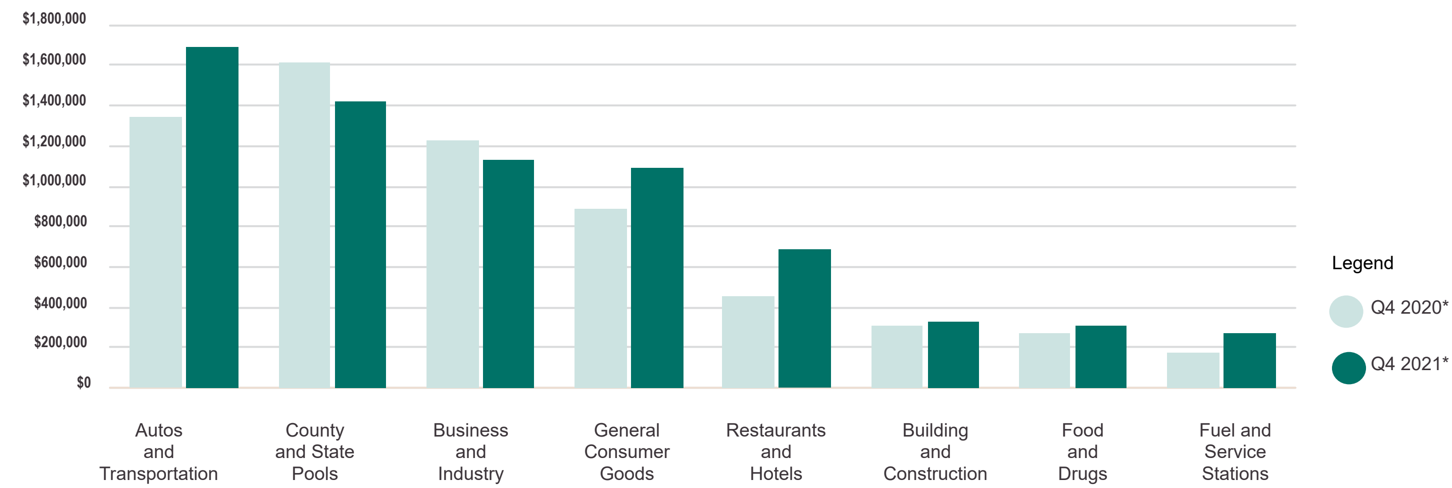
# CITY OF PLEASANTON
# SALES TAX UPDATE
## 4Q 2021 (OCTOBER - DECEMBER)

THE CITY OF PLEASANTON

| PLEASANTON | 10.1% | 16.0% | 15.6% |
|---|---|---|---|
| TOTAL: $ 6,931,727 | 4Q2021 ↑ | COUNTY ↑ | STATE ↑ |

*Allocation aberrations have been adjusted to reflect sales activity

### SALES TAX BY MAJOR BUSINESS GROUP




## CITY OF PLEASANTON HIGHLIGHTS

Pleasanton's receipts from October through December were 15.1% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 10.1%.

Based upon totals received, taxes fully recovered when compared to the same three-month period of 2019 (a pre-pandemic quarter).

One significant area of this recovery came from new motor vehicle dealerships, up 21%; gains reflected strong demand for luxury cars as buyer's paid well above MSRP even though inventory challenges due to parts unavailability and supply chain interruptions remained persistent.

With the economy fully opened, customers returned to traditional brick and mortar shopping behaviors; general consumer's 22% bounce back was generated by department, electronics/appliances and apparel stores.

Drivers were back on the road consuming greater volumes of fuel, service stations 61% growth also reflected higher per gallon prices at the pump. Patrons wanting to dine in again; the 61% rebound from casual dining establishments was the largest contributor to restaurants-hotel's improved revenues.

Even though sales grew from medical/biotech companies and a corporate relocation boosted the heavy industrial category; weaker activity in other sectors reduced business-industry comparisons.

Net of aberrations, taxable sales for all of Alameda County grew 16.0% over the comparable time period; the Bay Area was up 13.2%.

HdL Companies

## 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.

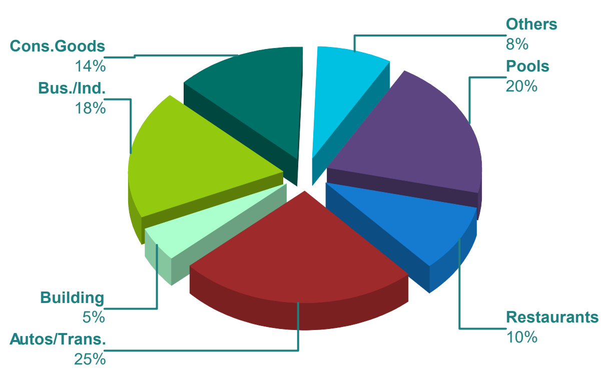
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter,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

**Pleasanton This Calendar Year***




*ADJUSTED FOR ECONOMIC DATA

## TOP NON-CONFIDENTIAL BUSINESS TYPES

| Pleasanton Business Type | Q4 '21* | Change | County Change | HdL State Change |
|---|---|---|---|---|
| New Motor Vehicle Dealers | 1,053.5 | 20.5% ↑ | 67.4% ↑ | 15.5% ↑ |
| Medical/Biotech | 389.9 | 18.0% ↑ | -0.2% ↓ | -4.7% ↓ |
| Casual Dining | 369.6 | 60.1% ↑ | 59.5% ↑ | 66.4% ↑ |
| Service Stations | 271.4 | 60.9% ↑ | 54.1% ↑ | 53.8% ↑ |
| Department Stores | 239.7 | 36.1% ↑ | 40.7% ↑ | 44.8% ↑ |
| Grocery Stores | 173.3 | 39.0% ↑ | 2.8% ↑ | 0.6% ↑ |
| Quick-Service Restaurants | 169.5 | 13.2% ↑ | 12.3% ↑ | 12.1% ↑ |
| Heavy Industrial | 149.3 | 222.1% ↑ | 13.2% ↑ | 5.6% ↑ |
| Electronics/Appliance Stores | 138.3 | 30.7% ↑ | 9.9% ↑ | 8.4% ↑ |
| Auto Lease | 135.9 | -13.0% ↓ | -8.4% ↓ | -4.7% ↓ |

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*In thousands of dollars*