

CITY OF WEST COVINA

SALES TAX UPDATE

1Q 2021 (JANUARY - MARCH)



WEST COVINA

TOTAL: \$ 4,767,362

23.4%
1Q2021



2.6%
COUNTY

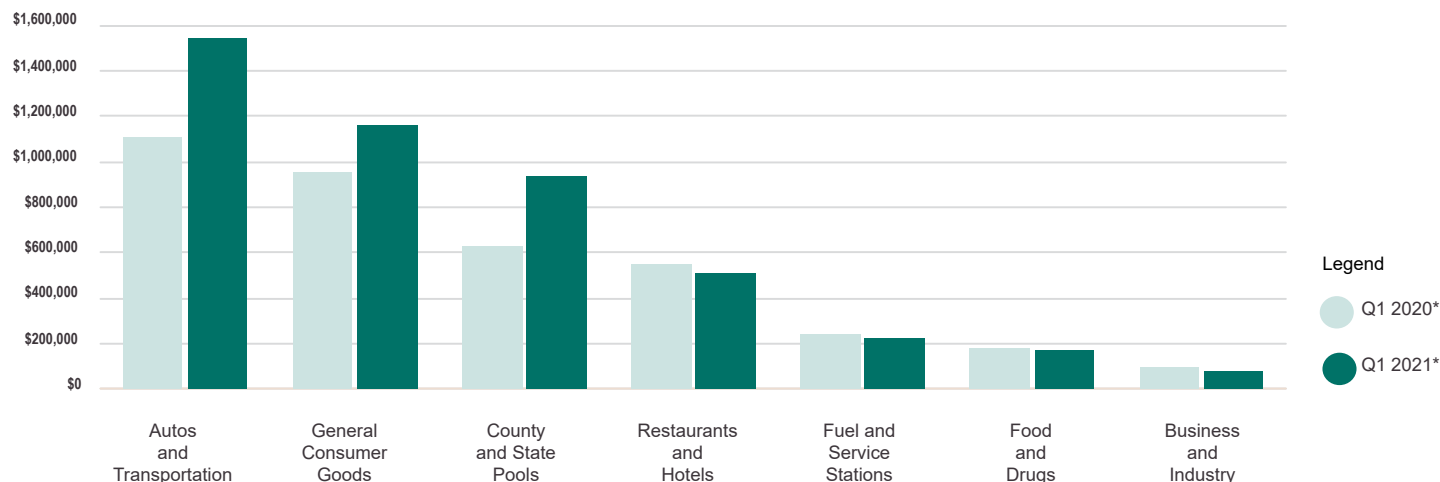


9.5%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF WEST COVINA HIGHLIGHTS

West Covina's receipts from January through March were 68.1% above the first sales period in 2020. However, due to the deferral of tax payments a year ago this comparison was temporarily exaggerated. Excluding reporting aberrations, actual sales were up 23.4%.

Increased returns from auto-transportation vendors and building-construction suppliers were a major part of the gains. Similar to the statewide trends, the high demand and low inventory for cars and building materials has begun to increase the per unit price helping boost sales tax generated.

Brick and mortar general consumer retailers also saw steady improvement with family apparel, electronic/appliance, home furnishings and specialty stores leading the way.

Gains from the countywide use tax pool continues to be a bright spot. With more online purchases being made and a greater number of out-of-state retailers collecting and remitting local sales tax, the City's share grew 50% compared to a year ago.

As expected, restaurants that usually depend on indoor services like casual dining establishments continue to be hindered, with reduced commuter frequency and lower gas prices holding service stations lower, partially offsetting the gains.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.6% over the comparable time period; the Southern California region was up 9.0%.



TOP 25 PRODUCERS

- 76 Mercedes Benz Of West Covina
- Ashley Furniture Homestore
- Norm Reeves Honda
- Audi West Covina
- Reynolds Buick
- Azusa Arco
- Ross
- Best Buy
- Stater Bros
- Crestview Cadillac
- Target
- Daimler Trust
- Tow Industries
- Envision Chrysler
- Triples Chevron
- Dodge Jeep Ram Of West Covina
- Walmart Supercenter
- Envision Toyota Of West Covina
- West Covina Nissan
- Floor And Decor Outlets Of America
- Home Depot
- Honda Lease Trust
- LA Auto Exchange
- Macys
- Marshalls



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions. Changes in business structure required a

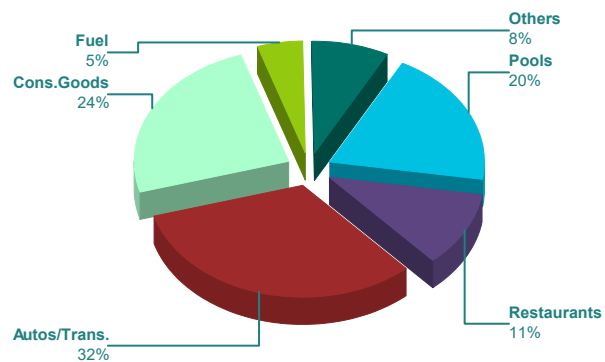
taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

Although indoor dining was available in many counties, the recovery for restaurants

and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

REVENUE BY BUSINESS GROUP West Covina This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

West Covina Business Type	Q1 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,214.4	50.5% ↑	31.0% ↑	33.2% ↑
Quick-Service Restaurants	285.8	14.8% ↑	-2.8% ↓	1.1% ↑
Service Stations	221.0	-9.4% ↓	-9.5% ↓	-3.8% ↓
Auto Lease	193.9	7.8% ↑	-4.6% ↓	-1.1% ↓
Casual Dining	177.8	-25.2% ↓	-25.7% ↓	-18.9% ↓
Home Furnishings	162.4	77.1% ↑	14.4% ↑	19.3% ↑
Family Apparel	150.3	32.2% ↑	15.9% ↑	20.5% ↑
Electronics/Appliance Stores	149.5	13.4% ↑	1.8% ↑	1.4% ↑
Specialty Stores	131.5	31.0% ↑	5.8% ↑	9.0% ↑
Grocery Stores	94.6	-10.6% ↓	-7.6% ↓	-6.4% ↓

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*In thousands of dollars