

CITY OF WEST COVINA

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



WEST COVINA

TOTAL: \$ 5,720,511

60.4%
2Q2021



40.9%
COUNTY

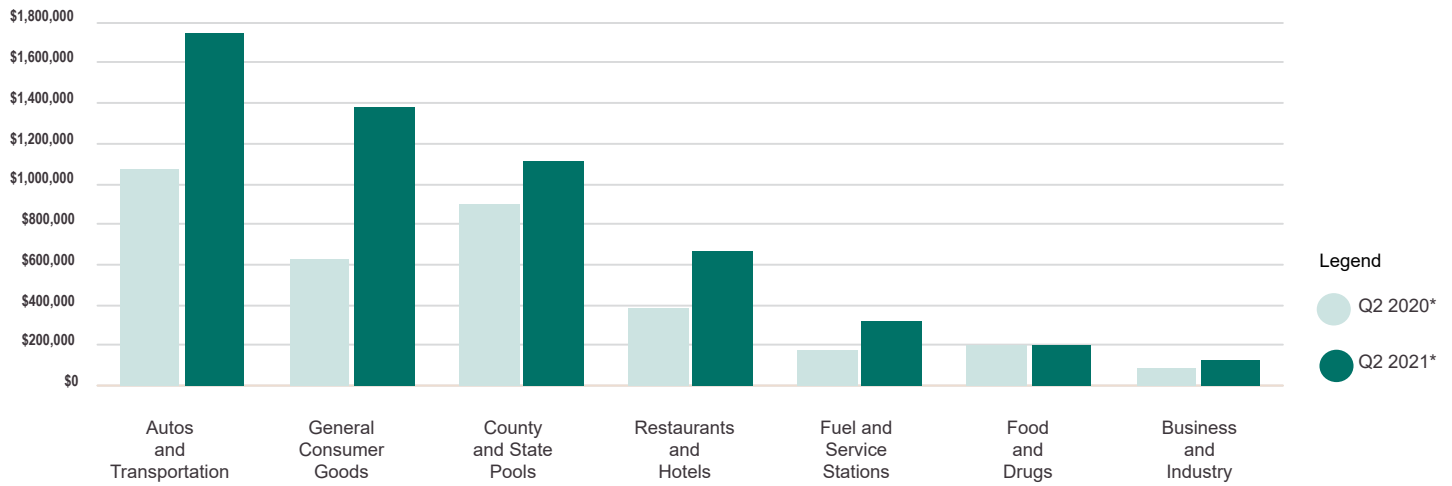


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF WEST COVINA HIGHLIGHTS

Receipts for West Covina's April through June sales were 54.6% higher than the same quarter last year. After accounting aberrations were factored out, actual sales activity increased 60.4% reflecting the recovery from the extreme lows of a year ago during the height of the pandemic shutdown.

While all major business groups experienced increases, autos-transportation posted the largest dollar gain assisted by high demand and low supply of new vehicles resulting in higher sticker prices. In addition, the correction of a large auto lease prior misallocation further boosted returns.

A strong quarter from family apparel, home furnishings, electronics-appliance, and specialty stores buoyed general consumer goods 121%. The restaurant sector posted a 74% increase with all

eatory categories up.

The combination of higher gas prices, a return to in-person work, and more travel drove service station revenues higher. A larger allocation from the countywide use tax pool, due to continued strong online sales, further contributed to the quarterly gains.

Net of aberrations, taxable sales for all of Los Angeles County grew 40.9% over the comparable time period; the Southern California region was up 40.3%.



TOP 25 PRODUCERS

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



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

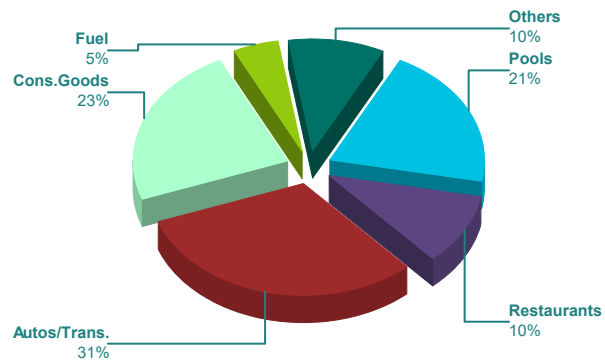
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

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.

REVENUE BY BUSINESS GROUP
West Covina This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

West Covina Business Type	Q2 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,405.8	78.3% ↑	66.9% ↑	55.9% ↑
Service Stations	322.3	81.2% ↑	85.5% ↑	73.9% ↑
Quick-Service Restaurants	308.8	33.7% ↑	31.8% ↑	28.8% ↑
Casual Dining	290.8	147.4% ↑	145.7% ↑	130.3% ↑
Auto Lease	198.9	30.3% ↑	1.5% ↑	3.3% ↑
Family Apparel	192.7	285.5% ↑	247.3% ↑	230.5% ↑
Home Furnishings	185.0	325.8% ↑	88.3% ↑	88.5% ↑
Electronics/Appliance Stores	162.9	197.2% ↑	102.3% ↑	52.8% ↑
Department Stores	154.7	312.3% ↑	363.5% ↑	335.1% ↑
Specialty Stores	148.6	144.8% ↑	71.7% ↑	67.8% ↑

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*In thousands of dollars