

CITY OF MARTINEZ

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



MARTINEZ

TOTAL: \$ 1,373,653

11.0%
3Q2020



1.8%
COUNTY

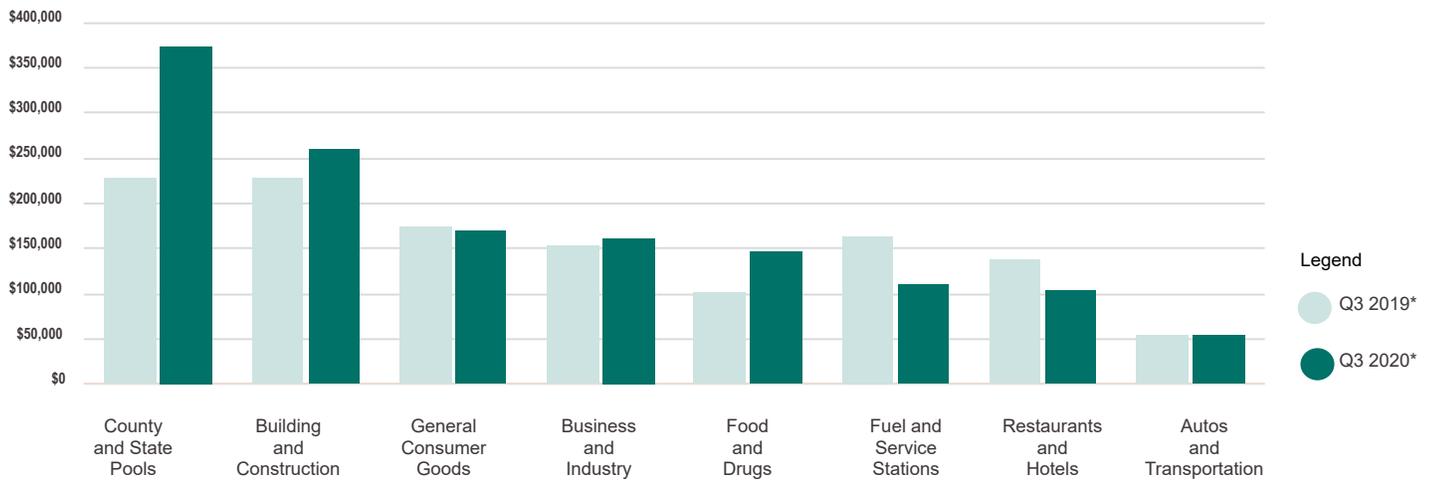


-0.9%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure D

TOTAL: \$1,008,791

↑ 5.6%

Measure X

TOTAL: \$1,008,721

↑ 5.5%



CITY OF MARTINEZ HIGHLIGHTS

Martinez's receipts from July through September were 13.7% above the third sales period in 2019. Excluding reporting aberrations, actual sales were up 11.0%.

Confidentiality restrictions constrain the level of details that can be shared regarding current quarter results; however, unrestricted categories are highlighted below.

The countywide pool soared as a result of new marketplace facilitators and a rapid shift to online shopping while COVID-19 shifted consumer behavior. Martinez's allocations from the Contra Costa Pool accounted for all of the gain reported this quarter.

A recently opened merchant contributed to the 44% growth in the food-drugs group. Shoppers splurged at building materials stores to satisfy home improvement needs; light industrial suppliers captured greater revenues.

Unescapable outcomes linked to the COVID-19 crisis thrust casual dining, service station and quick service tax returns downward.

Voter-approved Measures D and X collectively remitted \$2,017,512; this improvement of 5.6% primarily came from strengthened ecommerce activity brought about by the pandemic.



TOP 25 PRODUCERS

- | | |
|--------------------------|-------------------------------|
| 7 Eleven | Lucky Supermarket |
| ABC Supply | Main Jail Commissary |
| Ace Truckbox Center | McDonalds |
| Build Tek | Nob Hill Foods |
| Canyon Sports | Number One Concrete Ready Mix |
| Chevron | Quik Stop |
| Copart | Safeway |
| Cresco Equipment Rentals | Siemens Medical Solutions |
| CVS Pharmacy | Velvet Cannabis |
| Eco Services Operations | Walmart |
| Euv Tech | |
| Geo Options | |
| Golden Gate Petroleum | |
| Home Depot | |
| Les Schwab Tire Center | |



STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last

year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

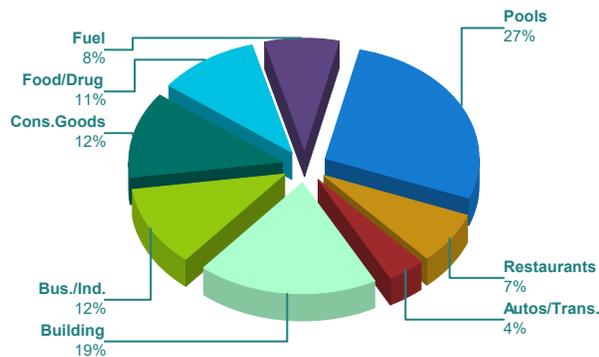
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up

of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

REVENUE BY BUSINESS GROUP Martinez This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Martinez Business Type	Q3 '20*	Change	County Change	HdL State Change
Building Materials	228.2	20.1% ↑	20.6% ↑	16.4% ↑
Service Stations	88.7	-32.1% ↓	-35.7% ↓	-29.0% ↓
Quick-Service Restaurants	54.7	-13.8% ↓	-5.2% ↓	-10.3% ↓
Casual Dining	35.1	-39.1% ↓	-34.6% ↓	-37.9% ↓
Light Industrial/Printers	35.0	95.9% ↑	-25.3% ↓	-6.0% ↓
Contractors	30.0	-17.6% ↓	-10.6% ↓	-5.7% ↓
Convenience Stores/Liquor	24.0	6.5% ↑	19.5% ↑	15.0% ↑
Automotive Supply Stores	19.9	11.1% ↑	3.4% ↑	5.6% ↑
Used Automotive Dealers	19.6	15.7% ↑	22.0% ↑	11.8% ↑
Specialty Stores	13.2	-3.7% ↓	-6.4% ↓	-8.6% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars