

Q3 2019



City of Pismo Beach Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

Pismo Beach In Brief

Pismo Beach's receipts from July through September were 8.9% below the third sales period in 2018. However, this comparison is skewed due to the CDTFA's transition to a new reporting system in the prior year when additional payments were received by the City. Excluding reporting aberrations, actual sales were down 2.9%.

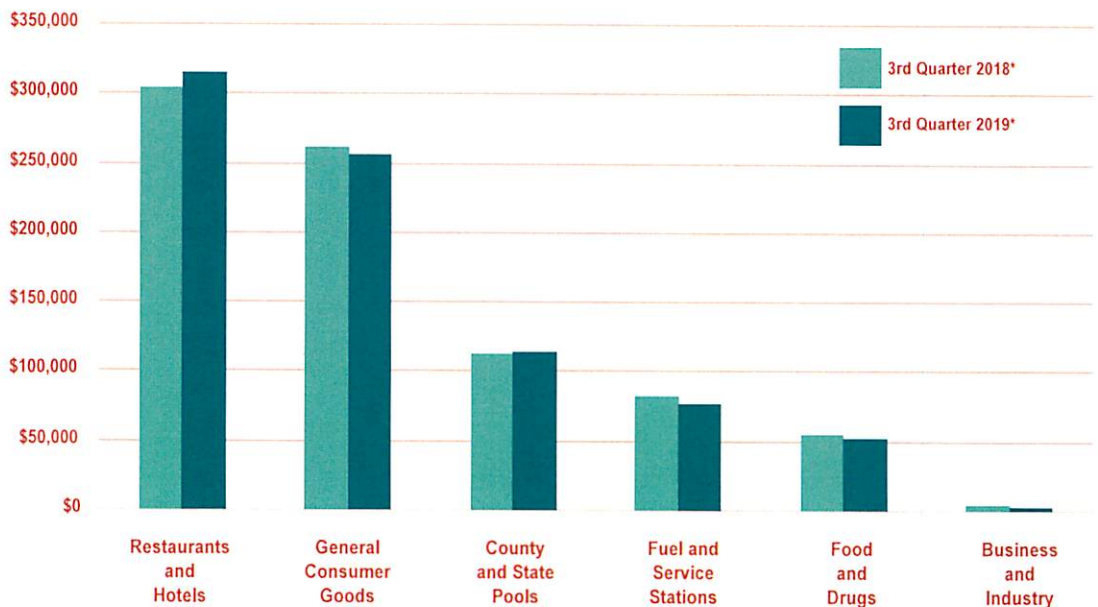
The closure of a local retailer within the past year was a significant factor in the overall decline.

Conversely, local restaurant and hotel receipts grew 3.4%, exceeding the 2.6% statewide trend, with solid hotel results and the recent opening of a new casual dining eatery contributing to the outperformance.

Measure I, Pismo Beach's voter-approved half-cent transaction tax, generated an additional \$456,000. After adjusting for anomalies in payment timing, results were 0.5% lower compared to last year.

Net of aberrations, taxable sales for all of San Luis Obispo County grew 1.0% over the comparable time period; the Central Coast region was up 1.0%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Arco AM PM	Nike
Brads Restaurant	Pacific Coast RV
California Fresh Market	Panchos Surf Shop
Calvin Klein	Point Break
Carters	Ralph Lauren
Chevron	Ross
Cliffs at Shell Beach	Sky River RV
Coach	Splash Cafe
Cool Cat Cafe	Spyglass Shell
Cracked Crab	Vans
Giuseppes Cucina	Ventana Grill
Levis Outlet	Wooly's Oyster Loft
Miller 76	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$859,952	\$770,036
County Pool	118,384	121,695
State Pool	442	305
Gross Receipts	\$978,778	\$892,036
Measure I	\$492,642	\$456,113

Statewide Results

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

Additional Tax Districts Approved

Voters approved eight of the nine sales

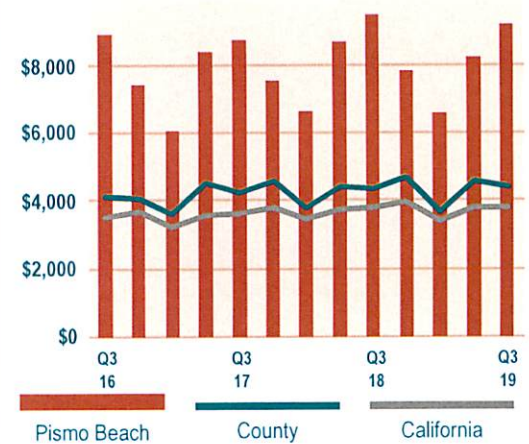
tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

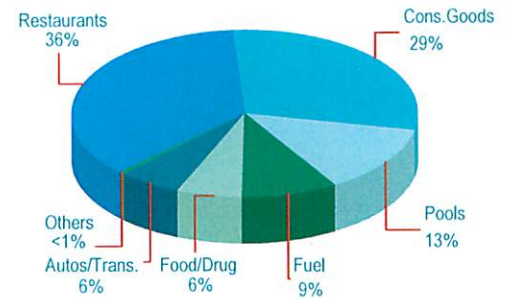
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP
Pismo Beach This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

PISMO BEACH TOP 15 BUSINESS TYPES**

Business Type	Pismo Beach		County	HdL State
	Q3 '19	Change	Change	Change
Casual Dining	194,293	1.6%	-2.4%	2.3%
Convenience Stores/Liquor	15,332	-1.8%	-2.2%	1.0%
Drug Stores	— CONFIDENTIAL —	—	0.8%	-1.2%
Family Apparel	112,515	-0.9%	4.3%	1.5%
Fast-Casual Restaurants	13,266	6.6%	11.8%	5.1%
Fine Dining	— CONFIDENTIAL —	—	-4.3%	-3.1%
Grocery Stores	— CONFIDENTIAL —	—	4.6%	1.7%
Hotels-Liquor	42,702	13.6%	21.4%	1.4%
Quick-Service Restaurants	42,472	2.4%	3.4%	2.6%
Service Stations	77,384	-5.7%	-1.2%	-1.5%
Shoe Stores	54,443	-2.0%	-1.1%	-1.6%
Specialty Stores	12,988	-22.0%	-9.3%	0.3%
Sporting Goods/Bike Stores	23,264	12.0%	-1.5%	-1.3%
Trailers/RVs	— CONFIDENTIAL —	—	0.5%	-3.6%
Women's Apparel	32,886	-6.0%	-3.2%	-5.6%
Total All Accounts	757,570	-3.4%	1.6%	0.2%
County & State Pool Allocation	114,104	0.7%	-2.3%	14.9%
Gross Receipts	871,673	-2.9%	1.0%	2.3%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.