

# CITY OF PISMO BEACH

## SALES TAX UPDATE

### 3Q 2020 (JULY - SEPTEMBER)



#### PISMO BEACH

TOTAL: \$ 907,247

4.0%  
3Q2020



3.6%  
COUNTY

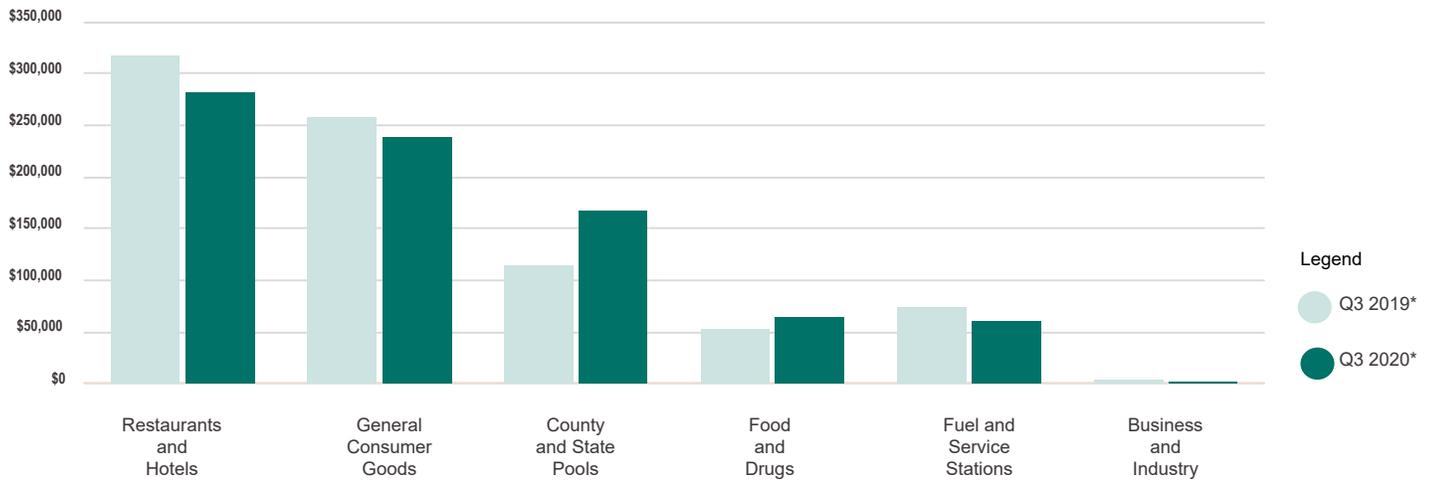


-0.9%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure I

TOTAL: \$426,593

↓ -5.2%



#### CITY OF PISMO BEACH HIGHLIGHTS

Pismo Beach's receipts from July through September were 9.6% above the third sales period in 2019. Excluding reporting aberrations, actual sales were up 4.0%.

Allocations from the countywide use tax pool jumped 66%, or \$53,000, after a recent legislative change has expanded the number of internet purchases subject to taxation, and as more California consumers shift to online shopping to reduce their exposure to contagion during the Covid-19 pandemic.

Conversely, receipts from casual restaurants were down 16% after dining rooms were closed to combat the epidemic, though this result significantly

outperformed the -38% statewide trend. Two recent restaurant openings were a positive. Returns were further lifted by the many stir-crazy, homebound tourists from neighboring parts of California who were attracted to the beauty of the Pismo Beach area during the summer season. Gasoline sales also fell 18%.

Measure I, the City's voter approved add-on sales tax, generated an additional \$427,000 beyond the amounts previously discussed.

Net of aberrations, taxable sales for all of San Luis Obispo County grew 3.6% over the comparable time period; the Central Coast region was down 1.6%.



#### TOP 25 PRODUCERS

- |                             |                     |
|-----------------------------|---------------------|
| Arco AM PM                  | Nike                |
| Brads Restaurant            | Pacific Coast RV    |
| California Fresh Market     | Panchos Surf Shop   |
| Calvin Klein                | Ross                |
| Chevron                     | Sky River RV        |
| Cliffs at Shell Beach       | Splash Cafe         |
| Coach                       | Spyglass Shell      |
| Cool Cat Cafe               | Teenie Wahine       |
| Cracked Crab                | Ventana Grill       |
| CVS Pharmacy                | Wooly's Oyster Loft |
| Dolphin Bay Lido Restaurant |                     |
| Giuseppes Cucina            |                     |
| Hoagies                     |                     |
| McDonalds                   |                     |
| Miller 76                   |                     |



**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.

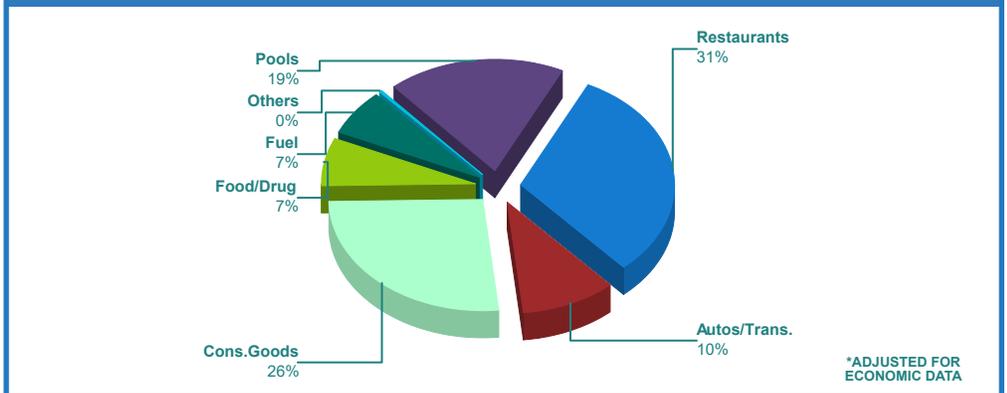
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until 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**  
Pismo Beach This Quarter\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Pismo Beach Business Type	Q3 '20	Change	County Change	HdL State Change
Casual Dining	163,444	-16.0% ↓	-19.3% ↓	-38.0% ↓
Family Apparel	110,780	-1.7% ↓	-5.8% ↓	-24.4% ↓
Service Stations	59,908	-17.7% ↓	-25.5% ↓	-29.0% ↓
Quick-Service Restaurants	44,105	1.7% ↑	-2.9% ↓	-10.2% ↓
Shoe Stores	43,005	-21.0% ↓	-18.2% ↓	-27.1% ↓
Hotels-Liquor	42,791	-0.2% ↓	-30.6% ↓	-74.7% ↓
Sporting Goods/Bike Stores	31,575	33.7% ↑	34.3% ↑	22.0% ↑
Women's Apparel	25,344	-24.0% ↓	-27.7% ↓	-48.0% ↓
Convenience Stores/Liquor	20,088	31.0% ↑	17.7% ↑	15.1% ↑
Fast-Casual Restaurants	15,761	14.2% ↑	-8.6% ↓	-14.1% ↓

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