

SANTA CRUZ COUNTY

SALES TAX UPDATE

1Q 2021 (JANUARY - MARCH)



SANTA CRUZ COUNTY

TOTAL: \$ 2,924,180

11.5%
COUNTY UNINC.



7.6%
COUNTY

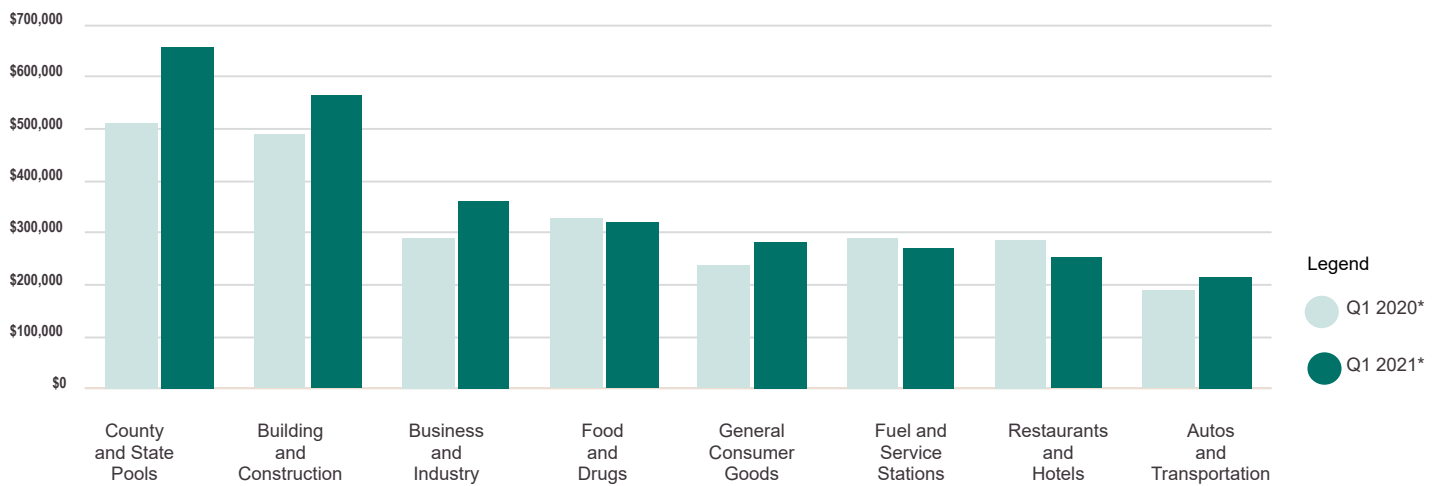


9.5%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure R

TOTAL: \$2,778,716

↑ 13.7%

Measure G

TOTAL: \$2,059,552

↑ 19.1%



SANTA CRUZ COUNTY HIGHLIGHTS

The unincorporated area's receipts from January through March were 43.7% above the first sales period in 2020. Excluding reporting aberrations, actual sales were up 11.5%.

Price spikes and the home improvement trends pushed building material stores up. A new business in the garden/agricultural supplies category boosted receipts in the business-industry group. Robust spending in the auto-transportation group resulted in gains of 13%.

The second shelter-in-place restricted did not permit on-site dining; casual dining restaurants were down almost 12% and quick service restaurants were

down 5%. Service station results were down as prices were still low during this quarter.

E-commerce spending didn't slow down, even after accounting for expected change in taxpayer return filing that pulled some use taxes out of the countywide pool, the County's allocation was up almost 29%.

Voter approved Measures G and R benefited from the solid growth in online sales and the surge in purchases of new and used vehicles.

Net of aberrations, taxable sales for all of Santa Cruz County grew 7.6% over the comparable time period; the Central Coast region was up 9.7%.



TOP 25 PRODUCERS

76	Kind Peoples Collective
ABC Supply Co	Marshalls
Bay Plumbing Supply & Showroom	Ocean Honda
Best Buy	Palace Art & Office Supply
Big Creek Lumber	Pet Pals
Chevron	Probuild Company
Crop Production Services	Quik Stop
Dominican Hospital	Safeway
Ferguson Enterprises	Safeway Fuel
Growgeneration Santa Cruz	Santa Cruz Naturals
Home Depot	Scarborough Building Supply
Independent Electric Supply	Twig Education
Joby Aviation	



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.

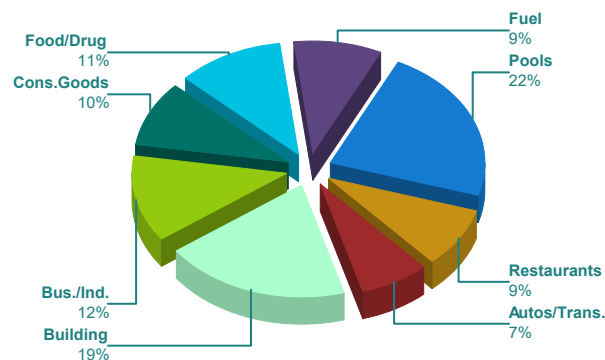
Changes in business structure required a taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to 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 Santa Cruz Co. Uninc This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q1 '21*	Change	County Change	HdL State Change
Building Materials	439.8	16.7% ↑	21.1% ↑	18.9% ↑
Service Stations	270.7	-5.7% ↓	-2.9% ↓	-3.9% ↓
Casual Dining	154.0	-11.9% ↓	-10.7% ↓	-18.9% ↓
Garden/Agricultural Supplies	144.5	17.1% ↑	5.1% ↑	8.8% ↑
Grocery Stores	98.4	-10.4% ↓	-12.2% ↓	-6.3% ↓
Cannabis Related	91.0	-1.5% ↓	19.9% ↑	28.4% ↑
Convenience Stores/Liquor	86.0	12.1% ↑	8.6% ↑	10.6% ↑
Plumbing/Electrical Supplies	69.5	2.3% ↑	10.0% ↑	4.5% ↑
Auto Repair Shops	51.1	-9.2% ↓	-7.4% ↓	-8.7% ↓
Contractors	49.3	25.6% ↑	-3.5% ↓	3.6% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars