

# CITY OF ELK GROVE

## SALES TAX UPDATE

### 1Q 2021 (JANUARY - MARCH)



#### ELK GROVE

TOTAL: \$ 8,131,359

18.5%  
1Q2021



15.2%  
COUNTY



9.5%  
STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF ELK GROVE HIGHLIGHTS

Elk Grove's receipts from January through March were 43.5% above the first sales period in 2020. Cash was inflated by \$840,000 as eligible companies took advantage of the extra 90 days to file year-ago tax returns under the Governor's deferral program and several large companies paid first quarter 2020 taxes late. Excluding reporting aberrations, actual sales were up 18.5%.

Staunch buyer interest in all makes of vehicles netted more taxes from new dealerships; the extraordinary performances enriched year over year comparisons 28%, in line with State trends. Large equipment acquisitions plus sales strength from garden/agricultural companies drove business-industry returns to higher than expected levels.

Building-construction included hearty home improvement stores activity, product

price increases passed along to customers and gains from niche specialty merchants. Walk in traffic helped contribute to general consumer goods positive results; food-drugs recorded modest growth.

Use taxes grew 20%; this category captured robust online purchases even after accounting for an anticipated taxpayer's change in corporate structure that shifted some revenues away from the Sacramento Pool.

Like most areas of California, COVID-19 still influenced some segments negatively; service stations sold less gallons of fuel; dine-in constraints generated casual dining losses.

Net of aberrations, taxable sales for all of Sacramento County grew 15.2% over the comparable time period; the Sacramento region was up 14.9%.



#### TOP 25 PRODUCERS

- Apple
- Bel Air Market
- Best Buy
- California Custom Power Sports
- CDW Government
- Costco
- EG Dodge/Jeep/Chry/Audi/VW/Subaru
- Elk Grove Acura
- Elk Grove Buick GMC
- Elk Grove Ford
- Elk Grove Honda
- Elk Grove Kia
- Elk Grove Toyota
- Enterprise Rent A Car
- Green Acres Nursery & Supply
- Home Depot
- Infiniti of Elk Grove
- Kohls
- Laguna 76
- Maita Chevrolet
- Niello BMW
- Nissan/Mazda of Elk Grove
- Slakey Brothers
- Target
- Walmart



## 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.

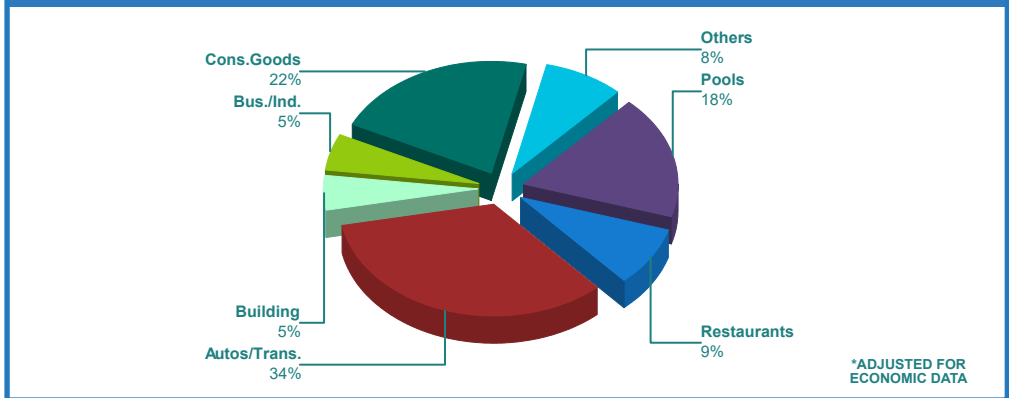
Although indoor dining was available in many counties, the recovery for restaurants

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

Elk Grove This Quarter\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Elk Grove Business Type	Q1 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,365.2	28.1% ↑	25.8% ↑	33.2% ↑
Electronics/Appliance Stores	494.0	-3.1% ↓	-0.6% ↓	9.0% ↑
Service Stations	359.4	-9.8% ↓	-3.9% ↓	-4.1% ↓
Casual Dining	314.7	-6.6% ↓	-15.0% ↓	-18.9% ↓
Quick-Service Restaurants	289.4	13.9% ↑	8.7% ↑	1.0% ↑
Grocery Stores	172.9	0.6% ↑	-3.9% ↓	-6.2% ↓
Specialty Stores	132.8	25.0% ↑	11.1% ↑	9.1% ↑
Family Apparel	121.2	27.1% ↑	35.5% ↑	20.5% ↑
Home Furnishings	108.7	46.5% ↑	19.7% ↑	19.3% ↑
Contractors	99.8	72.6% ↑	10.8% ↑	3.7% ↑

\*Allocation aberrations have been adjusted to reflect sales activity \*In thousands of dollars