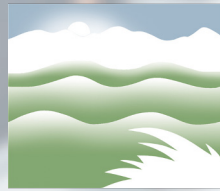


Q3 2019



City of San Jacinto Sales Tax *Update*

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

San Jacinto In Brief

San Jacinto's receipts from July through September were 12.4% 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 0.6%.

The autos and transportation sector experienced a sluggish sales quarter. A business closure had a negative impacting on receipts from the building and construction group. Late payments caused a slight drop in revenue for restaurants and hotels.

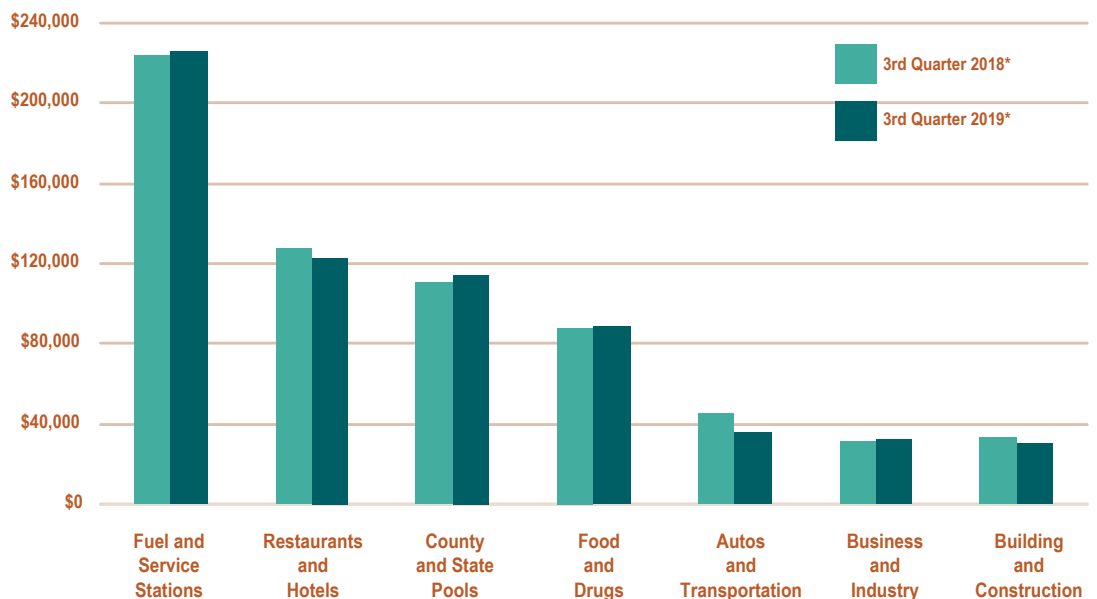
Results from fuel and service stations were higher than the year-ago period, while a new business addition helped boost totals from food and drugs.

Business and industry experienced a solid sales quarter. General consumer goods reported gains in the third quarter of 2019.

The City's share of the countywide use tax pool decreased 17.9% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Riverside County grew 4.5% over the comparable time period; the Southern California region was up 2.8%.

SALES TAX BY MAJOR BUSINESS GROUP



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

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Jack in the Box
Arco AM PM	Little Caesar's
AutoZone	McDonalds
Cardenas	Mobil Shop N Go Food Store
Chevron	O'Reilly Auto Parts
Circle K	Quality Turf
Crop Production Services	Rite Aid
Del Taco	San Jacinto Fastrip
Denny's	San Jacinto Shell
Farmer Boys	Stater Bros
Hemet Valley Pipe & Supply	Walgreens
Interstate Steel Structures	Walmart Supercenter
	Wendy's

REVENUE COMPARISON

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$853,306	\$755,498
County Pool	136,336	111,940
State Pool	447	297
Gross Receipts	\$990,090	\$867,735

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

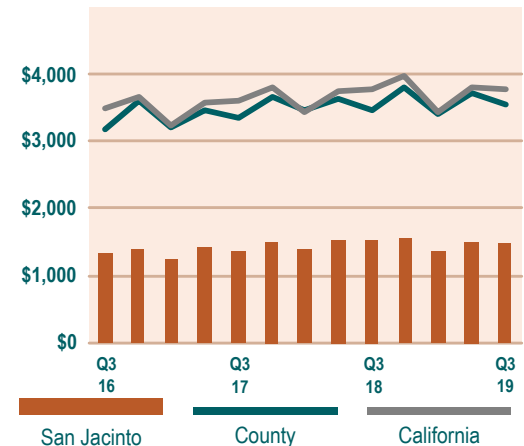
tax measures on the November 2019 ballot adding six new districts and extending two others.

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%.

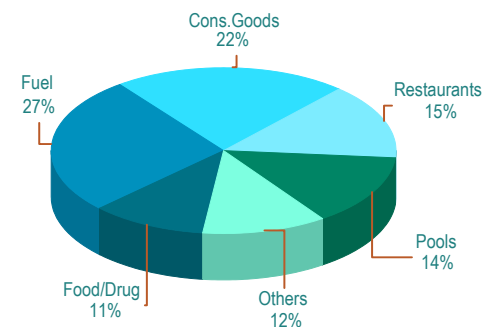
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP San Jacinto This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

SAN JACINTO TOP 15 BUSINESS TYPES**

Business Type	San Jacinto		County	HdL State
	Q3 '19	Change	Change	Change
Auto Repair Shops	13,708	-5.0%	0.5%	0.9%
Automotive Supply Stores	16,070	-0.6%	5.8%	3.7%
Casual Dining	21,540	-7.9%	2.5%	2.3%
Cigarette/Cigar Stores	7,824	9.2%	8.7%	2.4%
Contractors	16,321	-17.2%	1.7%	2.6%
Convenience Stores/Liquor	16,871	3.5%	-4.2%	1.0%
Discount Dept Stores	—	CONFIDENTIAL	5.2%	2.8%
Drug Stores	21,102	1.5%	1.3%	-1.2%
Electronics/Appliance Stores	9,266	-12.1%	-1.4%	-3.2%
Fast-Casual Restaurants	—	CONFIDENTIAL	5.8%	5.1%
Garden/Agricultural Supplies	—	CONFIDENTIAL	7.6%	4.3%
Grocery Stores	—	CONFIDENTIAL	1.2%	1.8%
Plumbing/Electrical Supplies	9,846	4.1%	3.3%	4.3%
Quick-Service Restaurants	88,112	-4.2%	4.9%	2.6%
Service Stations	225,398	0.5%	1.7%	-1.5%
Total All Accounts	718,161	-1.3%	4.0%	0.2%
County & State Pool Allocation	114,527	3.5%	7.5%	14.9%
Gross Receipts	832,689	-0.6%	4.5%	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.