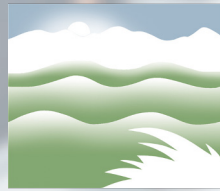


# Q4 2019



## City of San Jacinto Sales Tax *Update*

*First Quarter Receipts for Fourth Quarter Sales (October - December 2019)*

### San Jacinto In Brief

San Jacinto's receipts from October through December were 9.8% above the fourth sales period in 2018. Excluding reporting aberrations, actual sales were up 6.3%.

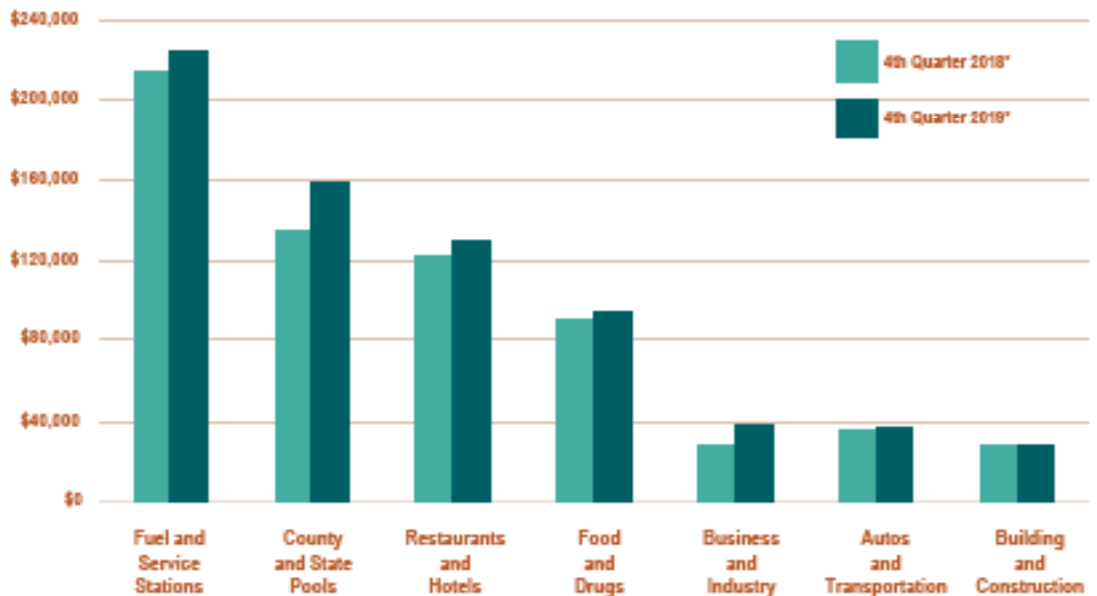
Continued growth from the county-wide use tax pool allocation and strong service station sales were primarily responsible for the overall positive quarter.

An uptick in casual dining also contributed to the overall net gain.

The City experienced negative returns from electronics/appliance stores and contractors, and building and construction receipts were lower than county and state trends for the fifth consecutive quarter, which offset the positive quarterly results.

Net of aberrations, taxable sales for all of Riverside County grew 4.8% over the comparable time period; the Southern California region was up 4.4%.

### SALES TAX BY MAJOR BUSINESS GROUP



\*Values shown are based on reported tax liability

### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	McDonalds
Arco AM PM	Mobil Shop N Go Food Store
AutoZone	Rite Aid
Cardenas	RP Construction Services
Chevron	San Jacinto Fastrip
Circle K	San Jacinto Shell
Crop Production Services	Stater Bros
Del Taco	Swseller
Farmer Boys	T Mobile
Hemet Valley Pipe & Supply	Walgreens
Interstate Steel Structures	Walmart Supercenter
Jack in the Box	Wendy's
Little Caesar's	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date (Q3 to Q4)

	2018-19	2019-20
Point-of-Sale	\$1,645,220	\$1,610,033
County Pool	263,657	266,622
State Pool	838	718
Gross Receipts	\$1,909,715	\$1,877,373

**California Overall**

Statewide sales and use tax receipts from 2019's fourth quarter were 4.2% higher than last year's holiday quarter after factoring for accounting anomalies.

The increase came from the acceleration in online shopping which generated huge gains in the countywide use tax pools for merchandise shipped from out-of-state and from California based fulfillment warehouses in those cases where the warehouse is also point-of-sale. This segment was further boosted by the first full quarter of California's implementation of the Wayfair vs South Dakota ruling that requires out-of-state retailers to collect and remit sales tax on merchandise sold to California customers. The ruling has led to an increase in sales tax receipts of roughly \$2.95 per capita while also producing double digit gains for in-state online fulfillment centers.

In contrast, soft sales and closeouts resulted in a decline in almost every category of brick-and-mortar spending during the holiday season while new cannabis retailers helped boost what would have been a soft quarter for the food-drug group. Most other sales categories including new cars and business-industrial purchases were also down. Restaurant group gains were modest compared to previous quarters.

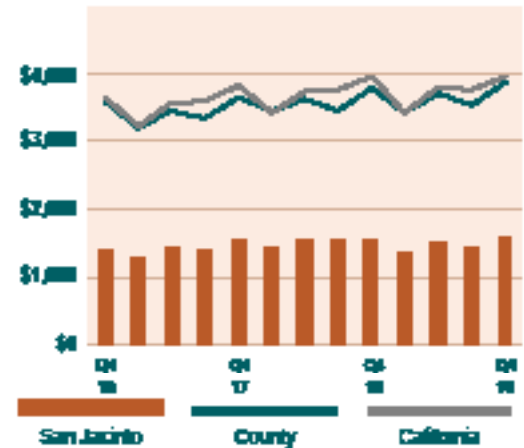
Overall, the rise in county pool receipts offset what would have been otherwise, a flat or depressed quarter for most jurisdictions.

**Covid-19**

The coronavirus impact will first be seen in next quarter's data reflecting January through March sales. Based on recovery rates being reported in some Asian countries, the virus's disruption of supply chains will be deepest in the first and second quarter and largely resolved by mid-summer. However, recovery from social distancing and home confinements could take longer

with the deepest tax declines expected in the restaurant/hospitality, travel/transportation and brick-and-mortar retail segments. Layoffs and furloughs are also expected to reduce purchases of new cars and other high cost durable goods. The losses from the state's high-tech innovation industries may be more modest while the food-drug and online retail groups could exhibit increases.

Assuming that the virus is largest contained by the end of September, HdL's economic scenario projects that tax declines will bottom out in the first quarter of 2021 but with only moderate gains for several quarters after. Data from previous downturns suggests that the return to previous spending is not immediate and often evolves. Businesses emerge with ways to operate with fewer employees and more moderate capital investment. Consumers take time to fully get back to previous levels of leisure travel, dining and spending and may permanently transfer to newly discovered services, activities and/or online retail options.

**SALES PER CAPITA\***

\*Microdata aberrations have been adjusted to reflect actual activity

**REVENUE BY BUSINESS GROUP**  
San Jacinto This Quarter\*

\*Microdata aberrations have been adjusted to reflect actual activity

**SAN JACINTO TOP 15 BUSINESS TYPES\*\***

Business Type	San Jacinto		County		HdL State	
	Q4 '19	Change	Change	Change	Change	Change
Auto Repair Shops	14,604	-1.2%	-8.7%	-1.8%	-1.8%	-1.8%
Automotive Supply Stores	15,195	-6.3%	1.5%	0.5%	0.5%	0.5%
Casual Dining	24,681	18.7%	3.5%	3.8%	3.8%	3.8%
Cigarette/Cigar Stores	8,045	3.8%	8.7%	-1.7%	-1.7%	-1.7%
Contractors	14,425	-6.7%	-6.5%	-4.4%	-4.4%	-4.4%
Convenience Stores/Liquor	16,620	5.7%	-8.7%	-0.1%	-0.1%	-0.1%
Discount Dept Stores	— CONFIDENTIAL —	—	5.9%	3.8%	3.8%	3.8%
Drug Stores	24,337	1.9%	1.0%	-0.7%	-0.7%	-0.7%
Electronics/Appliance Stores	11,075	-28.0%	-4.0%	-6.8%	-6.8%	-6.8%
Fast-Casual Restaurants	— CONFIDENTIAL —	—	4.9%	4.3%	4.3%	4.3%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	-2.6%	-0.3%	-0.3%	-0.3%
Grocery Stores	— CONFIDENTIAL —	—	1.7%	1.3%	1.3%	1.3%
Plumbing/Electrical Supplies	8,538	-4.7%	-6.3%	-0.6%	-0.6%	-0.6%
Quick-Service Restaurants	91,513	3.7%	3.8%	1.9%	1.9%	1.9%
Service Stations	223,837	4.3%	2.0%	0.2%	0.2%	0.2%
<b>Total All Accounts</b>	<b>768,170</b>	<b>4.3%</b>	<b>3.4%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>158,690</b>	<b>17.1%</b>	<b>12.6%</b>	<b>26.7%</b>	<b>26.7%</b>	<b>26.7%</b>
<b>Gross Receipts</b>	<b>926,860</b>	<b>6.3%</b>	<b>4.8%</b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.2%</b>

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