

CITY OF SAN FERNANDO

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



SAN FERNANDO

TOTAL: \$ 1,719,257

1.9%
4Q2021



16.9%
COUNTY

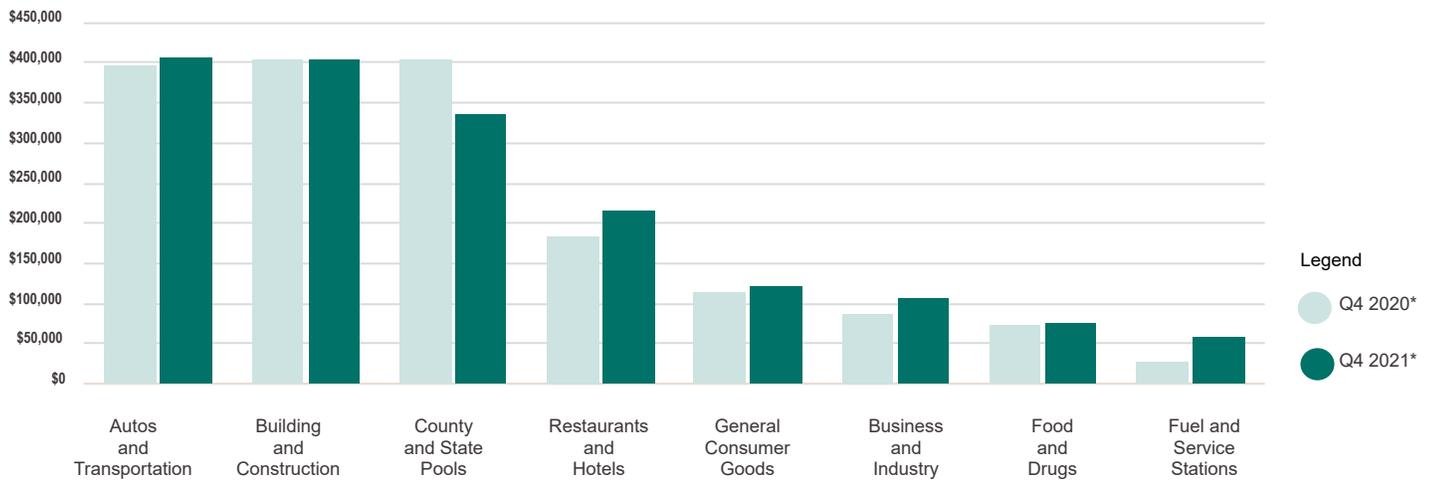


15.6%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure SF

TOTAL: \$1,176,204



CITY OF SAN FERNANDO HIGHLIGHTS

San Fernando's receipts from October through December were 8.2% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 1.9%.

Mixed results within the autos-transportation group for a modest gain when compared to county, regional and state results. With vehicle prices at record levels, auto supply stores have seen people opt to invest in vehicle maintenance when parts are available.

Spending on building-construction needs declined slightly as one likely factor may be the popularity of home improvement projects during shelter-in-

place orders when consumers improved living spaces for working at home or renovation projects last year. With pent up demand to eat out, casual eateries saw sensational increases with customers eager to dine-in again, despite higher menu prices. These gains helped offset losses at fast-casual restaurants.

Shoppers supported local retailers within the general consumer goods group this holiday season. Taxpayer reporting changes and weakened e-commerce shopping pushed pool allocations lower. Measure SF benefited from strong results from building materials sales, vehicles purchased-registered in the City and local restaurant activity.



TOP 25 PRODUCERS

Arco
Arroyo Building Materials
Casco
CCAP Auto Lease
El Pollo Loco
El Super
Enterprise Rent A Car
Ganas Auto
Goodman Distribution
Home Depot
IHOP
Maclay Shell & Circle K
McDonalds
Nachos Ornamental Supply

Pool & Electrical Products
Rydell Chrysler Dodge Jeep Ram
Smart & Final
SpX Flow US
T L Shield & Associates
T Mobile
Truman Fuel
USB Leasing
Vallarta Supermarket
Western Shotcrete Equipment
WSS



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 15% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women’s apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

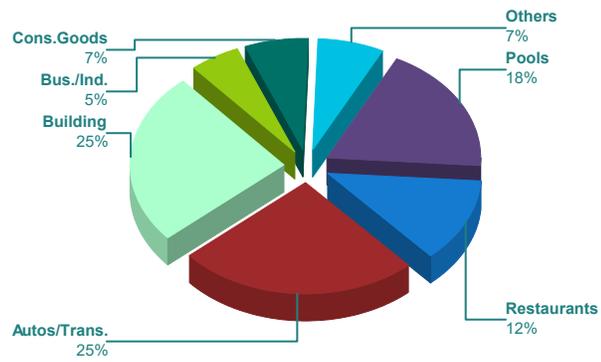
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State’s history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia’s war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

REVENUE BY BUSINESS GROUP
San Fernando This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

San Fernando Business Type	Q4 '21*	Change	County Change	HdL State Change
Quick-Service Restaurants	129.7	4.1% ↑	13.9% ↑	12.1% ↑
Plumbing/Electrical Supplies	66.6	37.9% ↑	18.4% ↑	17.2% ↑
Service Stations	58.4	123.7% ↑	60.4% ↑	53.8% ↑
Casual Dining	57.3	117.3% ↑	80.5% ↑	66.4% ↑
Contractors	55.4	-19.2% ↓	7.0% ↑	5.3% ↑
Grocery Stores	39.6	-1.3% ↓	0.1% ↑	0.6% ↑
Electronics/Appliance Stores	28.6	-10.9% ↓	2.9% ↑	8.4% ↑
Fast-Casual Restaurants	28.2	-12.9% ↓	14.7% ↑	16.6% ↑
Heavy Industrial	28.0	118.9% ↑	2.6% ↑	5.6% ↑
Automotive Supply Stores	26.0	4.6% ↑	9.9% ↑	10.5% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars