

CITY OF CORONA

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



CORONA

TOTAL: \$ 12,391,525

19.5%
2Q2021



41.8%
COUNTY

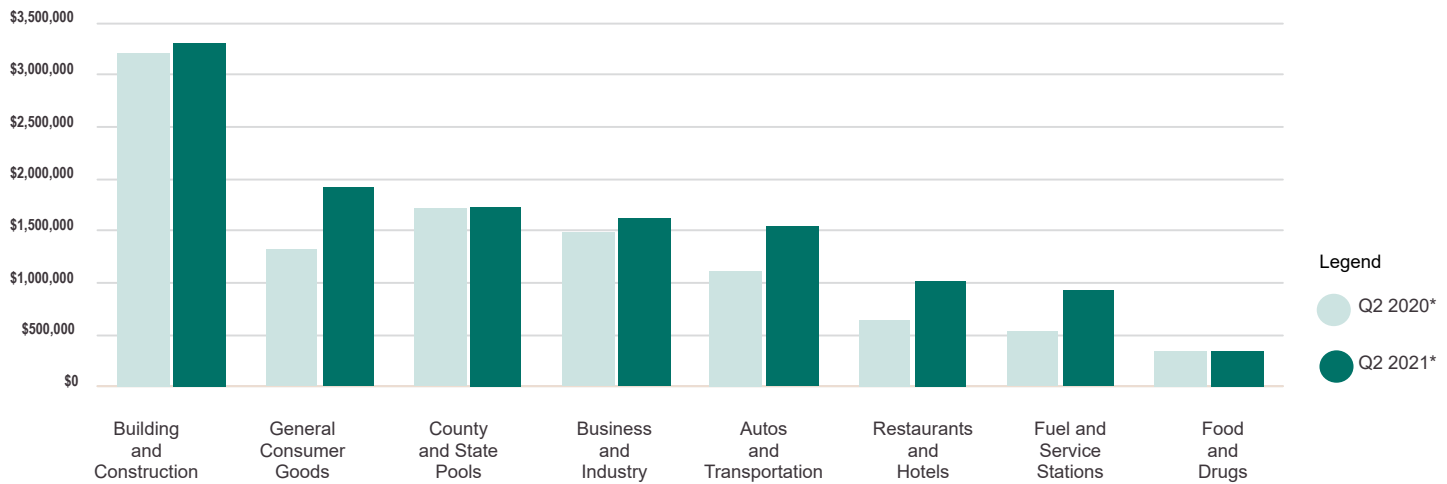


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF CORONA HIGHLIGHTS

Corona's receipts from April through June were 21.6% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 19.5% compared to the pandemic lows recorded in the prior year. The City's sales tax revenue is also now \$774,000, or 7%, higher than where it was two years before, in the second quarter of 2019, before the Covid-19 crisis began.

The category that contributed the most to this recovery has been the auto-transportation group, which has grown \$337,000, or 28%, since 2Q19 with a frenzy of demand and higher prices as many popular vehicle models have been in short supply on dealers' lots amid pandemic supply chain challenges.

Allocations from the Riverside Pool have also increased \$293,000, or 20%, on the Wayfair/AB147 legislative change that

has allowed for the taxation of additional internet sales since its implementation in 2019. Building-construction related sales are also \$182,000, or 6%, higher than 2Q19 with the surge in home construction and home improvement projects, coupled with increasing raw material costs for commodities such as lumber.

Business-industrial returns remain 18% lower than 2Q19, however, as a possible misallocation and several abnormally high payment spikes in the comparison quarter made for a difficult comparison.

Measure X, the City's voter-approved add-on sales tax, began to be collected July 1.

Net of aberrations, taxable sales for all of Riverside County grew 41.8% compared to last year; the Southern California region was up 40.3%.



TOP 25 PRODUCERS

- Agile Sourcing Partners
- All American Asphalt
- American Electric Supply
- Anixter
- Arco AM PM
- CardinaleWay Hyundai
- Corona Nissan
- Costco
- Culver Newlin
- Downs Energy
- Duralum Products
- Ganahl Lumber
- Home Depot
- Larry H Miller Toyota Corona
- Lowe's
- LuLaRoe
- Robertsons Ready Mix
- Ross
- Sams Club w/ Fuel
- Spreen Honda Corona
- Stater Bros
- Supply Patriot
- Target
- Vulcan Materials
- Walmart Supercenter



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.

SALES TAX RATE BREAKDOWN

8.75%

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
Corona Transactions & Use Tax (CRTU)	1.0000%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
Riverside County Transportation Commission (RCTC)	0.5000%

Tax Rate Effective July 01, 2021
8.7500%

TOP NON-CONFIDENTIAL BUSINESS TYPES

Corona Business Type	Q2 '21*	Change	County Change	HdL State Change
Contractors	2,140.5	-0.2% ↓	14.9% ↑	23.6% ↑
Discount Dept Stores	944.0	19.1% ↑	18.9% ↑	20.3% ↑
New Motor Vehicle Dealers	841.9	51.1% ↑	49.7% ↑	55.9% ↑
Building Materials	689.1	13.6% ↑	30.9% ↑	21.7% ↑
Service Stations	618.9	69.7% ↑	78.5% ↑	73.9% ↑
Casual Dining	469.2	113.4% ↑	147.4% ↑	130.4% ↑
Plumbing/Electrical Supplies	456.0	3.0% ↑	30.6% ↑	37.5% ↑
Quick-Service Restaurants	439.6	24.2% ↑	27.0% ↑	28.8% ↑
Heavy Industrial	347.9	9.2% ↑	-16.4% ↓	10.7% ↑
Grocery Stores	230.3	-5.3% ↓	3.9% ↑	-0.9% ↓

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**In thousands of dollars*