

# CITY OF SOUTH LAKE TAHOE

## SALES TAX UPDATE

### 1Q 2021 (JANUARY - MARCH)



#### SOUTH LAKE TAHOE

TOTAL: \$ 1,434,768

23.7%  
1Q2021



13.5%  
COUNTY

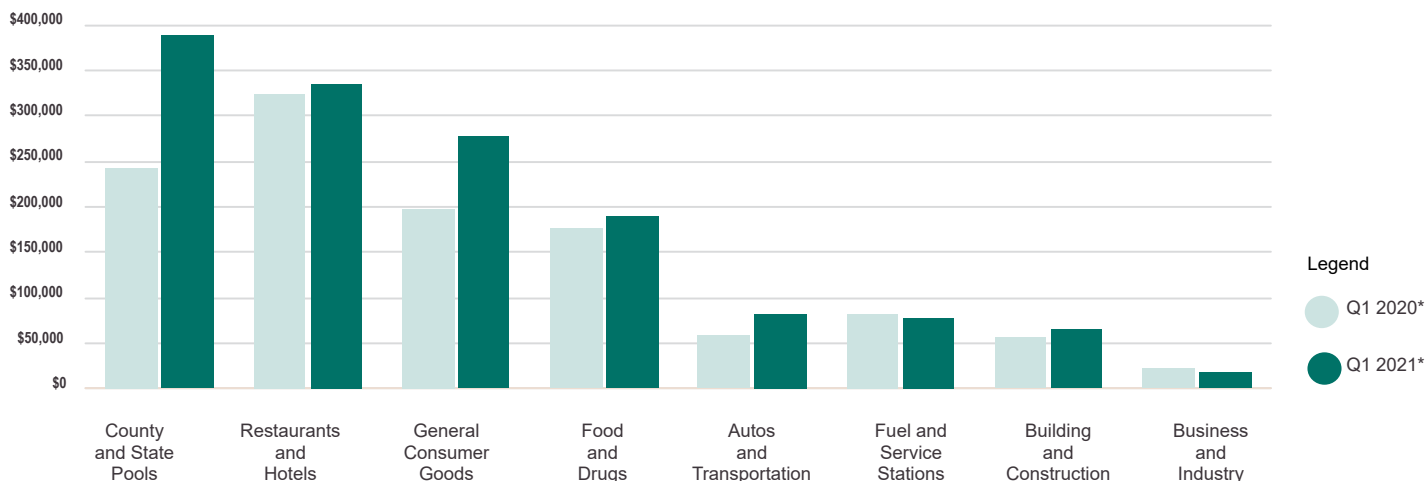


9.5%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure Q

TOTAL: \$722,103

↑ 14.9%



#### CITY OF SOUTH LAKE TAHOE HIGHLIGHTS

South Lake Tahoe's receipts from January through March were 71.9% above the first sales period in 2020. Cash was inflated by \$240,000 as eligible companies took an extra 90 days to file year-ago tax returns under the Governor's deferral program. Excluding reporting aberrations, actual sales were up 23.7%.

Tourism abounded during the winter months; superb sales by sporting goods, apparel and specialty retailers accounted for a 40% spike in general consumer goods. Even with limited in person seating, casual dining posted a modest gain; fast casual and quick service establishments served many more

meals. Grocers and convenience stores recorded greater activity.

Price spikes and busy aisles resulted in growing building materials. Online sales once again reflected consumer preference for e-commerce shopping; the City's 14% improvement in place of sales comparisons further contributed to the pool allocation skyrocketing 60% over year ago figures. Measure Q's transaction taxes captured visitor dollars and also reflected a greater number of vehicles purchased by local residents.

Net of aberrations, taxable sales for all of the Sacramento region were up 14.9%.



#### TOP 25 PRODUCERS

- |                            |                        |
|----------------------------|------------------------|
| Aisle 1                    | Raleys                 |
| Azul Latin Kitchen         | Riva Grill on the Lake |
| Base Camp Pizza            | Ross                   |
| BevMo                      | Safeway                |
| California Burger          | Safeway Fuel           |
| CVS Pharmacy               | Sports Ltd             |
| Do it Yourself Home Center | Tahoe Wellness         |
| Grocery Outlet             | TJ Maxx                |
| Heavenly Sports            | Up Shirt Creek         |
| Jim Bagan Toyota           | Whole Foods Market     |
| Marcus Ashley Gallery      |                        |
| McDonalds                  |                        |
| McP's Pub Tahoe            |                        |
| Meeks Building Center      |                        |
| Powder House               |                        |



**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.

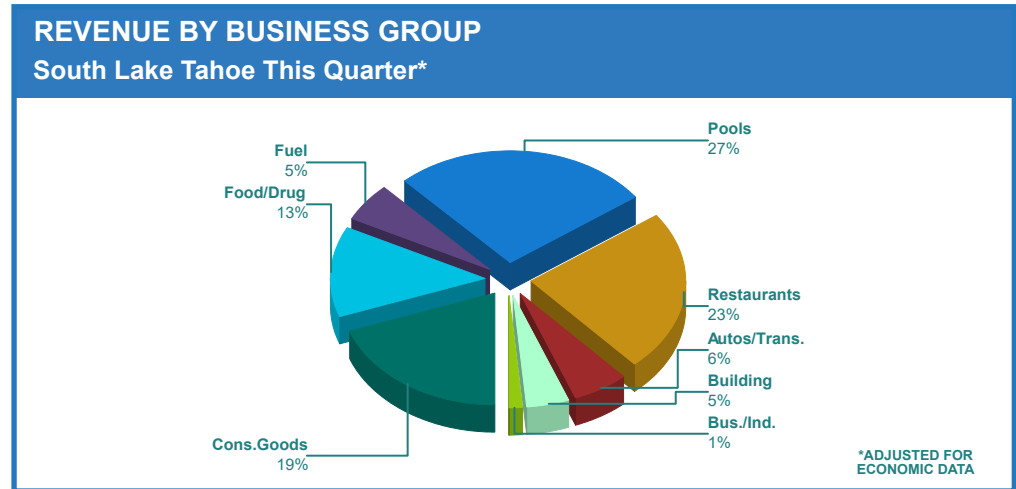
An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions.

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.



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

South Lake Tahoe Business Type	Q1 '21*	Change	County Change	HdL State Change
Casual Dining	235.3	2.6% ↑	5.3% ↑	-18.9% ↓
Sporting Goods/Bike Stores	116.2	40.0% ↑	17.3% ↑	33.3% ↑
Grocery Stores	109.5	7.4% ↑	2.6% ↑	-6.2% ↓
Family Apparel	75.7	55.4% ↑	48.3% ↑	20.5% ↑
Service Stations	75.1	-5.2% ↓	0.7% ↑	-4.0% ↓
Quick-Service Restaurants	52.1	26.4% ↑	14.8% ↑	1.1% ↑
Building Materials	30.9	25.5% ↑	23.6% ↑	19.0% ↑
Convenience Stores/Liquor	28.4	11.4% ↑	11.9% ↑	11.1% ↑
Specialty Stores	26.4	37.4% ↑	20.0% ↑	9.0% ↑
Fast-Casual Restaurants	25.8	35.6% ↑	25.1% ↑	1.1% ↑

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