

CITY OF RED BLUFF

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



RED BLUFF

TOTAL: \$ 1,367,325

-1.6%

4Q2021



-0.4%

COUNTY



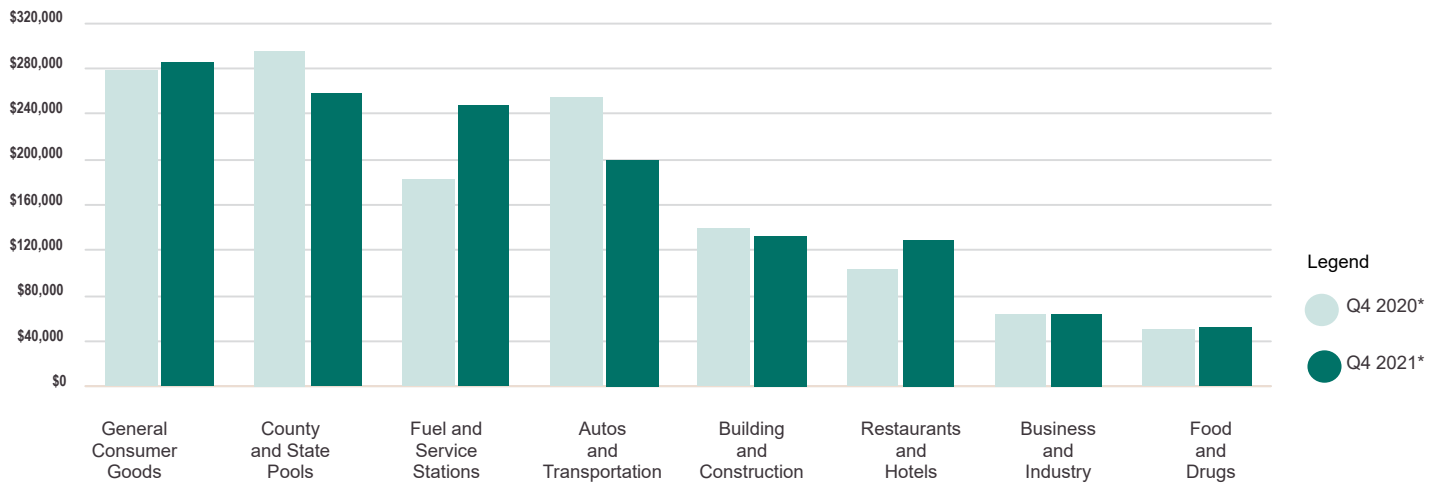
15.6%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure A

TOTAL: \$368,914

↑ 1.1%



CITY OF RED BLUFF HIGHLIGHTS

Red Bluff's receipts from October through December were 4.3% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were down 1.6%.

Although vehicle cost soared dramatically, inventory shortages caused by supply chain and manufacturing interruptions spurred a decline from autos-transportation; further, cyclical purchases of specialized equipment were much higher last year.

Demand was also lower for building-construction products. Several sectors recovered as pandemic restrictions were no longer in place. Miles traveled

increased, thus, service stations bounced back 36% inclusive of fuel prices on the rise.

Eating out, especially at dine-in venues, thrust restaurants-hotels up 57%. In store shopping was again in vogue; specialty and electronics/appliances were top performing segments.

Final implementation of required taxpayer reporting changes yielded a smaller allocation from the county pool.

Measure A totals mirrored sales tax outcomes; pandemic rebounds in dining and fuel offset fewer transactions in autos and business-industry.



TOP 25 PRODUCERS

- A Wireless
- Adobe Minimart
- Antelope Liquors & Gas
- Arco
- Arco AM PM
- Dollar General
- Flyers
- Food Maxx
- Growney Motors
- Harbor Freight Tools
- Home Depot
- Les Schwab Tire Center
- Marshalls
- McDonalds
- Nsp3
- One Stop Gas & Food
- Raley's
- Red Bluff Chrysler
- Dodge Jeep Ram
- Red Bluff Gas
- Red Bluff Shell
- Reynolds Ranch & Farm Supply
- Ross
- Tractor Supply
- Valero
- Walmart Supercenter



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.

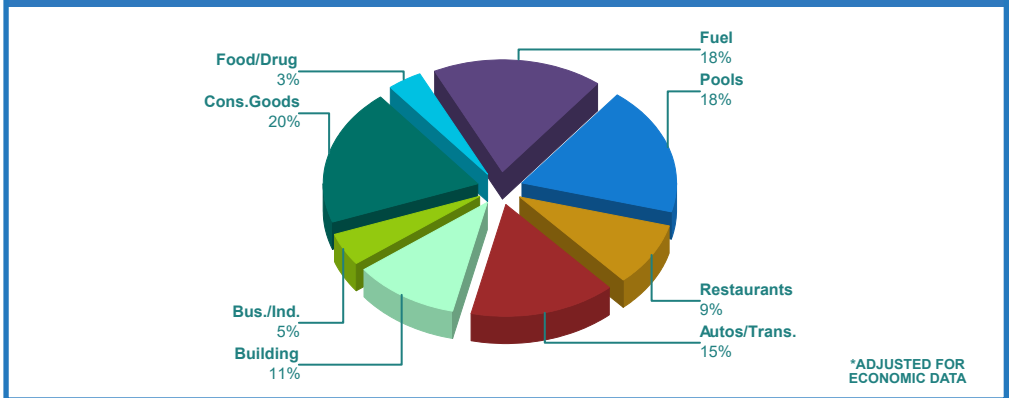
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, 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 Red Bluff This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Red Bluff Business Type	Q4 '21*	Change	County Change	HdL State Change
Service Stations	240.6	35.6% ↑	41.8% ↑	53.8% ↑
Casual Dining	63.7	57.2% ↑	44.2% ↑	66.4% ↑
Quick-Service Restaurants	55.4	0.8% ↑	0.1% ↑	12.2% ↑
Family Apparel	45.7	7.0% ↑	7.6% ↑	27.2% ↑
Automotive Supply Stores	41.8	4.7% ↑	6.0% ↑	10.5% ↑
Garden/Agricultural Supplies	37.8	3.4% ↑	-18.7% ↓	5.7% ↑
Grocery Stores	36.6	3.1% ↑	4.1% ↑	0.6% ↑
Specialty Stores	16.9	21.4% ↑	13.9% ↑	18.7% ↑
Electronics/Appliance Stores	16.7	21.6% ↑	19.3% ↑	8.4% ↑
Home Furnishings	13.5	-3.9% ↓	-1.7% ↓	6.5% ↑

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