

# CITY OF AVALON

## SALES TAX UPDATE

### 3Q 2020 (JULY - SEPTEMBER)



**AVALON**

TOTAL: \$ 305,871

-18.8%

3Q2020



-6.0%

COUNTY



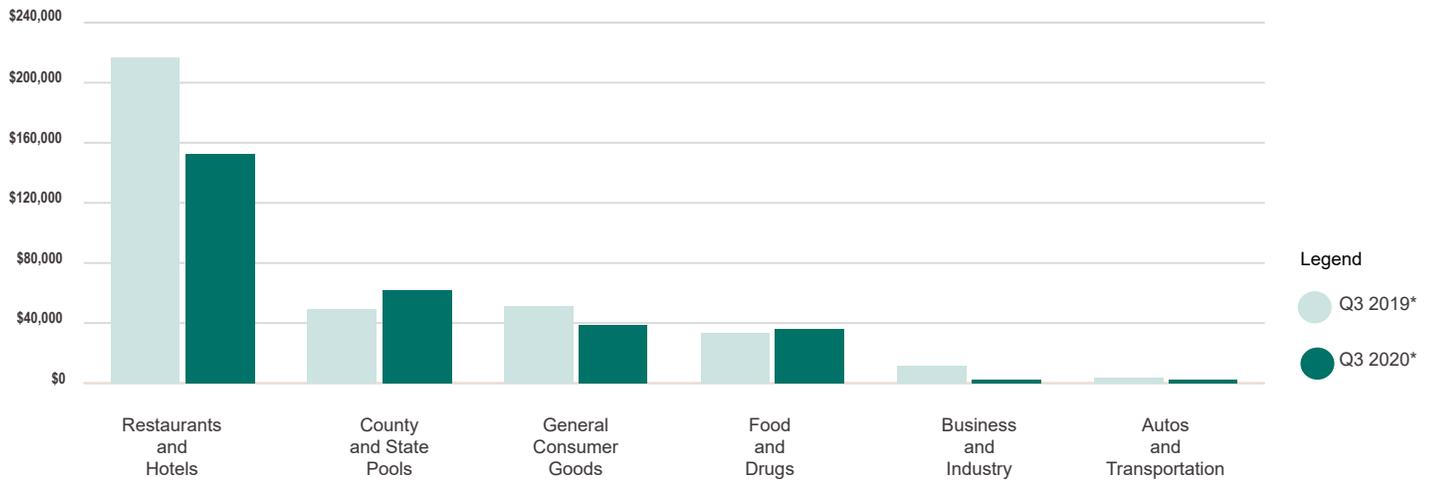
-0.9%

STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF AVALON HIGHLIGHTS

Avalon's receipts from July through September were 15.0% below the third sales period in 2019. Excluding reporting aberrations, actual sales were down 18.8%.

General consumer goods spending increased in the third quarter as more retail stores re-opened, but shoppers continued to replay on online shopping.

The business-industry sector experienced a significant dip largely due to forced shutdowns and suppressed orders. Despite recent gains in the manufacturing base, employment levels in October are still lower than in February.

The dine-at-home pandemic trend became the norm during the COVID-19 pandemic, boosting grocery store profits at the expense of dine-in restaurants,

who continued to struggle with on again, off again closures and restrictions.

As with all discretionary spending, the autos-transportation revenues continued to sag in the third quarter.

The City's share of the countywide use tax pool increased 28.8% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Los Angeles County declined 6.0% over the comparable time period; the Southern California region was down 1.5%.



### TOP 25 PRODUCERS

- |                             |                           |
|-----------------------------|---------------------------|
| Abes Liquor Store           | Perico Gallery            |
| Antonios Deli               | Pic Nic Fry               |
| Antonios Pizzeria & Cabaret | Seashore Angels           |
| Avalon Fuel Dock            | Shades of Catalina        |
| Avalon Liquor Store & Gifts | Sugarloaf Books & Video   |
| Bluewater Grill             | Steves Steakhouse         |
| Buoys & Gulls               | Three Palms Avalon Arcade |
| Casino Ballroom             | Vons                      |
| Catalina By The Sea         |                           |
| Chets Hardware              |                           |
| Coney Island West           |                           |
| Coyote Joe's                |                           |
| El Galleon                  |                           |
| Leos Catalina Drugstore     |                           |
| Luau Larrys                 |                           |
| Maggies Blue Rose           |                           |
| Mi Casita Restaurant        |                           |
| NDMK Fish House             |                           |



**STATEWIDE RESULTS**

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last year's implementation of the

Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

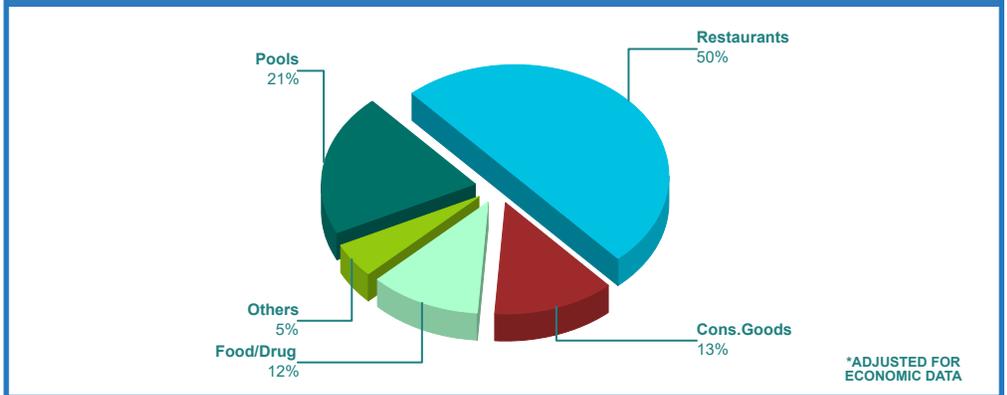
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up of each jurisdiction's tax base.

Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

**REVENUE BY BUSINESS GROUP**  
Avalon This Quarter\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Avalon Business Type	Q3 '20	Change	County Change	HdL State Change
Casual Dining	126,729	-33.2%	↓ -41.9%	↓ -37.9%
Art/Gift/Novelty Stores	16,802	-20.4%	↓ -19.1%	↓ -20.0%
Family Apparel	11,309	-38.7%	↓ -25.1%	↓ -24.4%
Quick-Service Restaurants	5,133	-21.6%	↓ -13.7%	↓ -10.3%
Specialty Stores	4,851	-26.2%	↓ -13.0%	↓ -8.5%
Leisure/Entertainment	4,522	-31.0%	↓ -87.2%	↓ -78.7%
Sporting Goods/Bike Stores	1,153	-24.5%	↑ 15.1%	↑ 22.1%
Newspaper Stands	-	na	● -71.6%	↓ -66.7%
Men's Apparel	-	na	● -43.6%	↓ -37.7%
Shoe Stores	-	na	● -24.7%	↓ -27.6%

\*Allocation aberrations have been adjusted to reflect sales activity