

CITY OF ALISO VIEJO

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



ALISO VIEJO

TOTAL: \$ 867,278

-32.8%

3Q2020



-1.7%

COUNTY



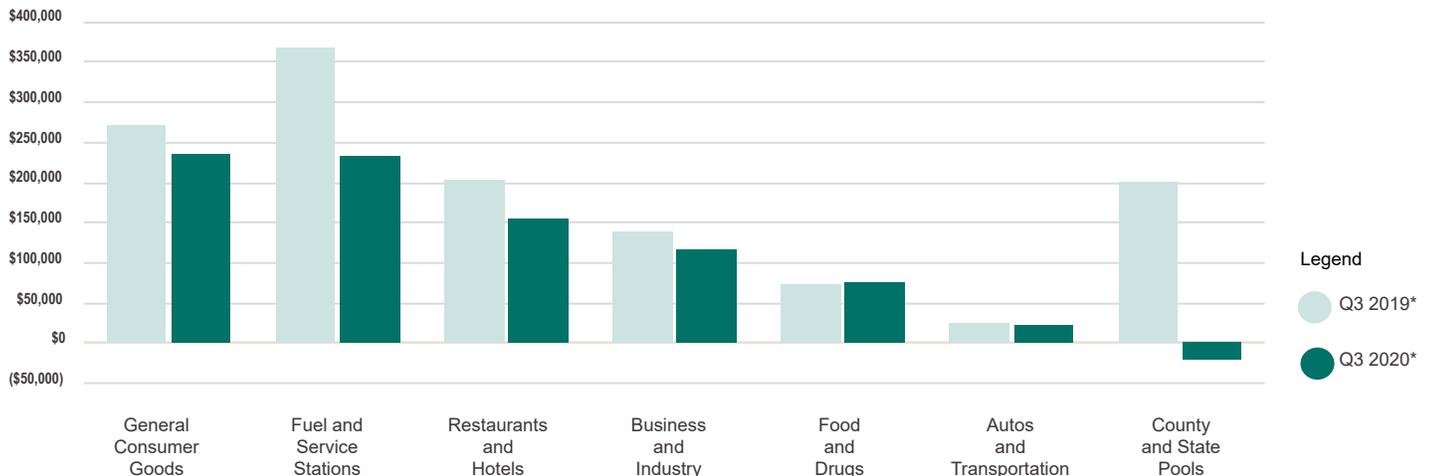
-0.9%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF ALISO VIEJO HIGHLIGHTS

Aliso Viejo's receipts from July through September were 107.3% below the third sales period in 2019. Excluding reporting aberrations, actual sales were down 32.8%.

COVID-19 continued to have an impact on Aliso Viejo's local economy in the third quarter, and this pushed down most major industry groups. The City experienced an overall decline in state and county use tax receipts mainly attributable to an audit adjustment in business and industry.

Fuel-service station and the restaurants-hotel industries were hit the hardest. For the second consecutive quarter, the City realized significantly less activity in casual dining, leisure/entertainment and fast casual restaurants. Returns from most business types in the general consumer

goods sector were lower than one year ago, and sales from drugs/chemicals and medical/biotech were also down.

Positive activity from one of the major business groups helped offset the overall loss.

Net of aberrations, taxable sales for all of Orange County declined 1.7% over the comparable time period; the Southern California region was down 1.5%.



TOP 25 PRODUCERS

76
Aliso Creek Shell
All Hands Car Wash/
Chevron
Barnes & Noble
Chevron
Chick Fil A
Circle K/Mobil
CVS Pharmacy
eFuel
El Dorado Hand Car
Wash
Geary Pacific Supply
Lasting Interior
Metagenics
Michaels Arts & Crafts
PetSmart
Raising Cane's
Ralphs
RxSight

Shell
Stadium Brewing
Staples
Stater Bros
Target
TJ Maxx
Trader Joes



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.

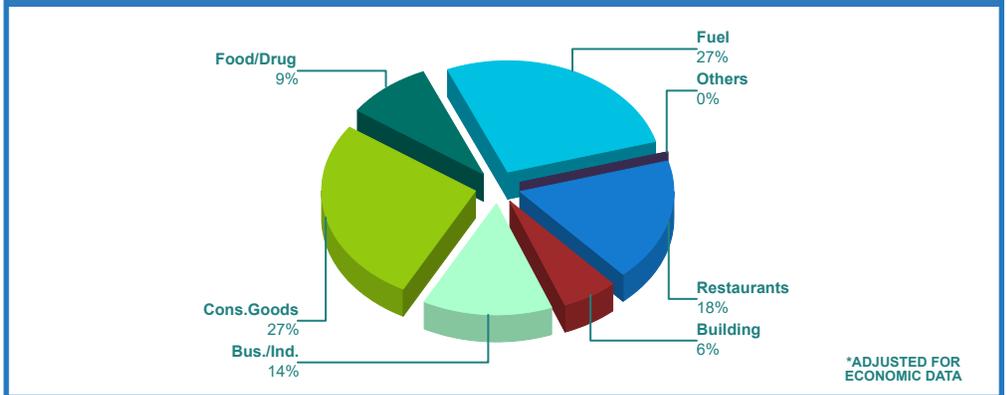
Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up of each jurisdiction's tax base.

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

Aliso Viejo This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Business Type	Aliso Viejo Q3 '20	Change	County Change	HdL State Change
Service Stations	98,465	-40.6% ↓	-34.5% ↓	-29.0% ↓
Quick-Service Restaurants	54,122	0.1% ↑	-8.9% ↓	-10.4% ↓
Casual Dining	47,303	-28.9% ↓	-32.8% ↓	-37.8% ↓
Fast-Casual Restaurants	42,960	-22.6% ↓	-16.6% ↓	-14.3% ↓
Drugs/Chemicals	30,702	-29.9% ↓	0.6% ↑	3.1% ↑
Medical/Biotech	30,518	17.7% ↑	1.8% ↑	4.6% ↑
Specialty Stores	24,875	20.0% ↑	-12.6% ↓	-8.5% ↓
Office Supplies/Furniture	15,999	-47.0% ↓	-15.0% ↓	-13.5% ↓
Electronics/Appliance Stores	13,784	7.7% ↑	-22.5% ↓	-20.9% ↓
Automotive Supply Stores	10,755	-13.7% ↓	2.8% ↑	5.6% ↑

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