

Q1 2020



City of Maywood Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2020)

Maywood In Brief

Maywood's receipts from January through March were 10.2% below the first sales period in 2019. Excluding reporting aberrations, actual sales were up 5.6%.

The City continued to experience strong performance from the countywide use tax pool, which was the primary reason for the net growth over one year ago.

Cannabis related firms and service stations also contributed. Both business types exceeded county and state trends for the ninth consecutive quarter.

With Shelter in Place restrictions resulting from COVID-19, quick service dining was significantly down. Sales in general consumer goods and automotive supply stores also took a hit. These declines offset the overall quarterly gain.

Net of aberrations, taxable sales for all of Los Angeles County declined 5.3% over the comparable time period; the Southern California region was down 4.1%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

76	Maywood Arco AM PM
99 Cents Only	Maywood Car Wash
AMZ Packaging	Maywood Shell
AutoZone	McDonalds
Cookies Los Angeles	OG Maywood
dd's Discounts	Rite Aid
Denny's	Scenic Industrial
Dunn Edwards Paint	Signresource
Firehouse 365	Superior Grocers
Food 4 Less	Tapia Brothers
Jack in the Box	Wingstop
King Taco	WS Dodge Oil
LB Johnson Hardware	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2018-19	2019-20
Point-of-Sale	\$1,259,706	\$1,162,705
County Pool	180,121	228,960
State Pool	655	661
Gross Receipts	\$1,440,482	\$1,392,325

NOTES

Statewide Results

With stay at home/non-essential business restrictions in place during the last two weeks of the quarter, local one cent tax revenues for the state overall, were 18.8% lower than January to March of 2019. Taxpayer relief programs accounted for much of the decline with receipts down roughly 3.1% after factoring for payment deferrals and other accounting anomalies.

Severe drops in auto sales, general consumer goods, service stations and restaurants were largely offset by new revenue from implementation of the Wayfair v. South Dakota decision that now requires out-of-state retailers to collect and remit Californian's sales and use tax. Other offsets included a surge in online shopping that boosted receipts from the county use tax allocation pools and from online retailers who maintain and ship their inventory from within California.

The food/drug sector also showed strong gains as did many home supply, dollar and discount stores that remained open during the shutdown.

New Challenges & Opportunities

Current indicators suggest that overall tax receipts for the April thru June sales period will bottom out at 27% below the second quarter of 2019. The speed of the rebound in sales activity will be dependent on the availability of adequate testing, treatment therapies and ultimately a vaccine. Until then, physical distancing, COVID-19 protocols and supply chain disruptions will create limitations on some operating capacities and the return to work of all employees. Health fears, discounts and liquidation sales may also keep sales tax revenues below pre-pandemic levels until solutions are in place.

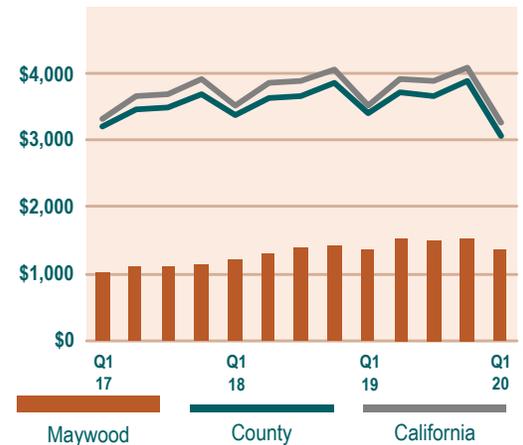
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

Over expansion, excessive debt and consumer shifts to online shopping were already resulting in bankruptcies with estimates of up to 25,000 brick-and-mortar store closings by the end of 2020. "Touch and feel" shopping is not going away but retailers see an evolution where in-store shopping is more leisure/recreational oriented with smaller stores offering more show-rooming and delivery/pick-up services. The smaller footprints and lifestyle emphasis offer opportunities to reinstate downtowns and neighborhood centers as economic/social gathering places.

The Pandemic's capture of new online customers and the growing trend of manufacturers and entrepreneurs with new concepts to bypass physical stores and sell directly to the consumer also expands options for agencies without large market populations to generate sales tax through industrial development.

Finally, the Pandemic's disruption of supply chains has also accelerated growing dissatisfaction with overseas arrangements and some reshoring will occur which offers opportunities to leverage a city's existing business base to attract compatible support industries.

SALES PER CAPITA*



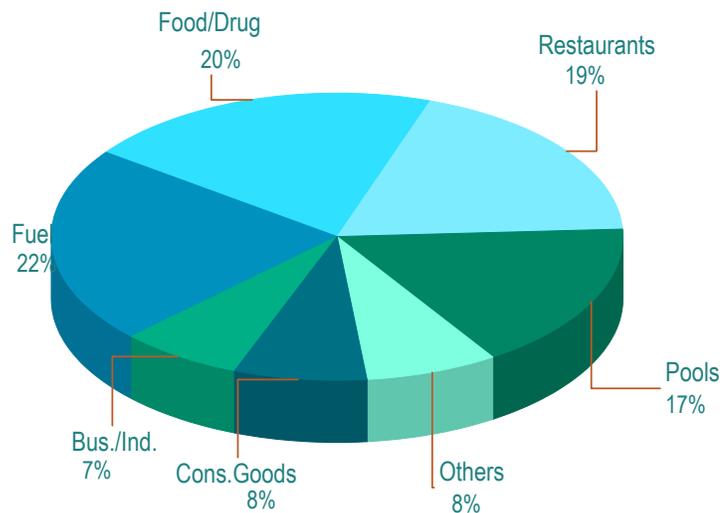
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**COUNTY OVERALL
1Q YOY RECEIPTS % CHANGE**

Major Industry Groups	Cash	Adjusted*
Autos and Transportation	-23.4%	-10.6%
Building and Construction	-5.7%	0.4%
Business and Industry	-18.3%	-6.6%
Food and Drugs	-11.4%	5.4%
Fuel and Service Stations	-30.2%	-10.4%
General Consumer Goods	-31.8%	-13.5%
Restaurants and Hotels	-45.4%	-16.1%
County and State Pools	18.5%	25.6%
Total	-21.3%	-5.3%

*Accounting anomalies factored out

**REVENUE BY BUSINESS GROUP
Maywood This Quarter***



*Allocation aberrations have been adjusted to reflect sales activity