

# Q2 2020



# City of Maywood Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

## Maywood In Brief

Maywood's receipts from April through June were 12.8% above the second sales period in 2019. Excluding reporting aberrations, actual sales were down 2.0%.

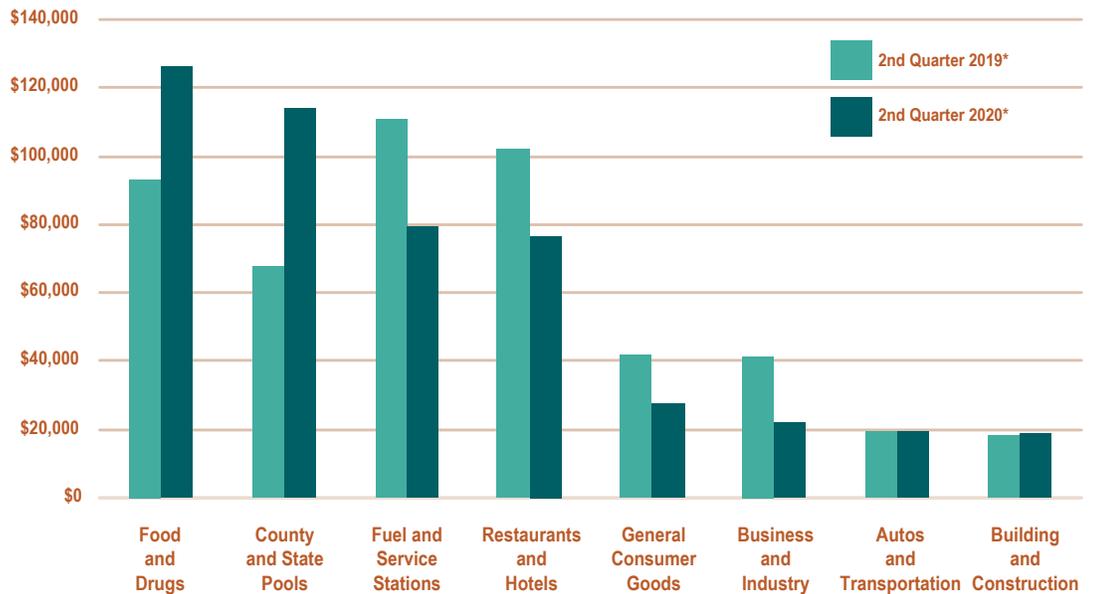
The COVID-19 impact hit the entire quarter, and this pushed down most major industry groups. Reduced demand and consumption of fuel translated into much lower service station receipts.

Statewide, the restaurants and hotel sector took the biggest hit, and the City realized significantly less activity in quick service restaurants and casual dining. Food service, equipment, and supplies were also down. With the majority of general consumer businesses shut down, the City experienced a strong decline in this sector.

Ongoing positive activity from state and county use tax pools helped to offset the overall quarterly loss. Sales from cannabis related and building and construction businesses were also up.

Net of aberrations, taxable sales for all of Los Angeles County declined 22.7% over the comparable time period; the Southern California region was down 18.0%.

## SALES TAX BY MAJOR BUSINESS GROUP



\*Allocation aberrations have been adjusted to reflect sales activity

### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2018-19	2019-20
Point-of-Sale	\$1,683,299	\$1,598,823
County Pool	249,753	349,029
State Pool	840	838
<b>Gross Receipts</b>	<b>\$1,933,892</b>	<b>\$1,948,689</b>

**Statewide Results**

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

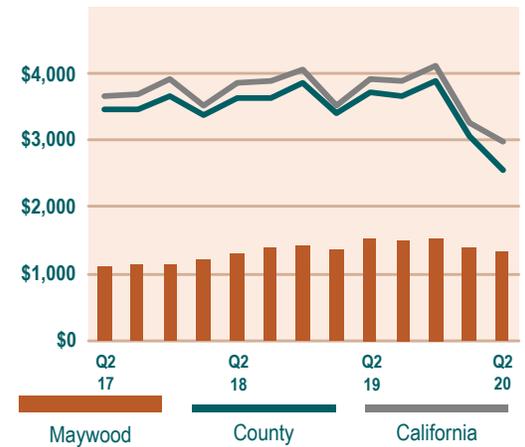
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

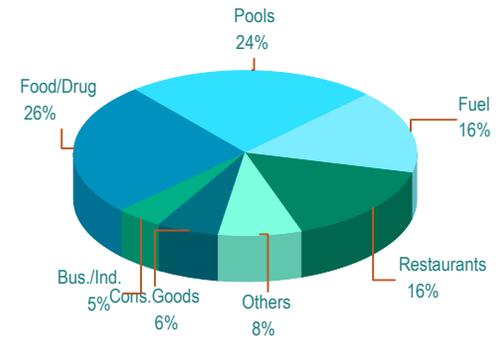
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

**SALES PER CAPITA\***



\*Allocation aberrations have been adjusted to reflect sales activity

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



\*Allocation aberrations have been adjusted to reflect sales activity

**MAYWOOD TOP 15 BUSINESS TYPES\*\***

Business Type	Maywood		County	HdL State
	Q2 '20	Change	Change	Change
Automotive Supply Stores	14,460	8.1%	-10.6%	-4.7%
Building Materials	— CONFIDENTIAL —	—	2.3%	7.0%
Cannabis Related	66,067	75.5%	52.5%	40.4%
Convenience Stores/Liquor	13,380	10.6%	9.7%	8.3%
Drug Stores	— CONFIDENTIAL —	—	-1.9%	0.1%
Family Apparel	— CONFIDENTIAL —	—	-67.2%	-66.3%
Fast-Casual Restaurants	7,484	-13.4%	-34.7%	-30.2%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-30.1%	-27.0%
Grocery Stores	36,765	7.1%	5.3%	7.8%
Light Industrial/Printers	— CONFIDENTIAL —	—	-21.2%	-16.8%
Paint/Glass/Wallpaper	— CONFIDENTIAL —	—	-17.6%	-18.3%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-68.9%	-56.9%
Quick-Service Restaurants	61,899	-18.4%	-26.2%	-22.0%
Service Stations	53,504	-34.6%	-50.1%	-45.2%
Variety Stores	11,985	5.8%	-2.4%	2.5%
<b>Total All Accounts</b>	<b>370,411</b>	<b>-13.2%</b>	<b>-31.2%</b>	<b>-24.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>114,115</b>	<b>68.3%</b>	<b>31.2%</b>	<b>28.9%</b>
<b>Gross Receipts</b>	<b>484,526</b>	<b>-2.0%</b>	<b>-22.7%</b>	<b>-16.3%</b>

\*\* Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.