

# CITY OF HUGHSON

## SALES TAX UPDATE

### 3Q 2021 (JULY - SEPTEMBER)



**HUGHSON**  
TOTAL: \$ 277,307

14.7%  
3Q2021



15.6%  
COUNTY

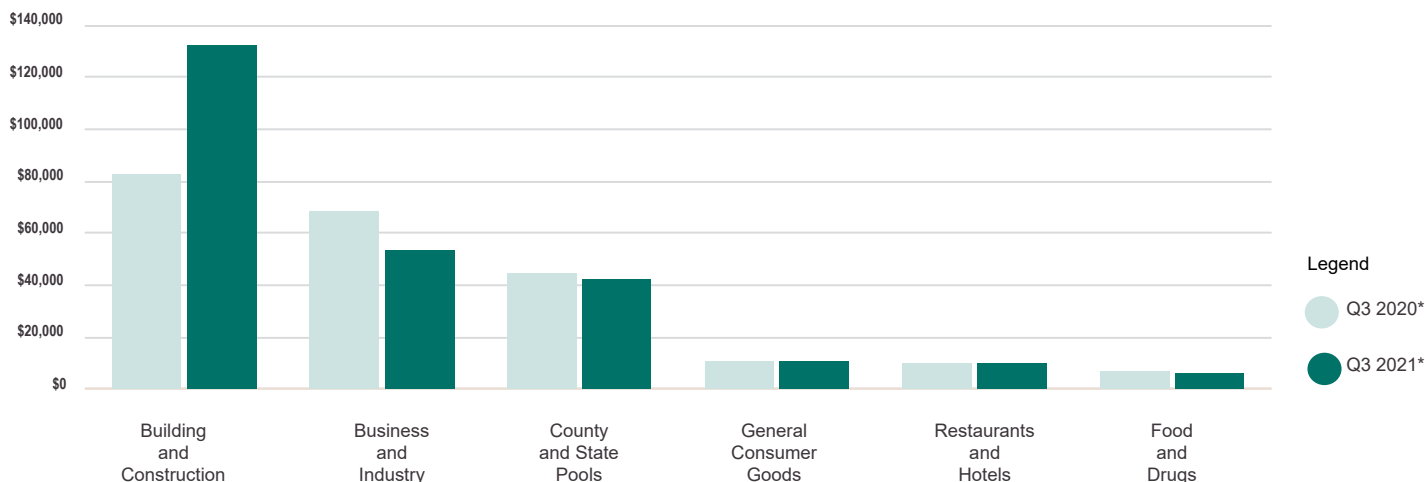


18.3%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF HUGHSON HIGHLIGHTS

Hughson's receipts from July through September were 15.1% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 14.7%.

Restaurants throughout the City reported solid sales but were ultimately hindered by delayed reporting from one taxpayer. The trend followed the statewide rebound occurring in the sector as more opt to eat out and menu prices increase compared to one year ago.

General brick and mortar experienced flat results while the food-drugs categories showed a slight pull back from the same period in 2020.

With third quarter results down 22% the business-industry segment has sustained eight straight quarters of diminished receipts on a year over year basis.

At a regional level, the San Joaquin Valley experienced robust increased from building-construction and fuel-service stations.

Hughson's indirect local tax proceeds received from their share of the countywide use tax pool declined 4.7%. Overall, the Stanislaus County Pool distributions declined in a similar fashion from the year ago peak.

Net of aberrations, taxable sales for all of Stanislaus County grew 15.7% over the comparable time period; the San Joaquin Valley was up 21.0%.



#### TOP 25 PRODUCERS

Bobs Coffee Shop	Pure Water Pool Service
Builders Firstsource	Quick N Save
California Trusframe	Santa Fe Market & Liquor
Coco's Taqueria	Save Mor Market
Dollar General	Scott's Pool Repair & Remodeling
Dollar Tree	Slick Fork BBQ
Golden Bowl	Subway
Grossi Fabrication	Wilbur Ellis
Hughson Asian Kitchen	
Hughson Chevron	
Hughson Farm Supply	
Industrial Softener Service	
La Perla Tapatia	
Lacy's Furniture & Home Decor	
Mid Valley Agricultural Services	
Napa Auto Parts	
Pizza Factory	



## STATEWIDE RESULTS

Local one cent sales and use tax receipts for sales occurring July through September were 18% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These aberrations had been much greater than normal in the last two years as the Governor's Executive Orders allowed businesses to defer some sales tax payments as a supportive measure during the pandemic. This program has now expired, and merchant remittances are more consistent, making cash receipts more reflective of underlying economic activity.

The prior year comparison quarter was the start of the pandemic recovery, and the strong growth enjoyed since continued with the recent results.

Surprisingly, one of the stronger sectors has been restaurants and hotels. Originally forecasted to take an extended amount of time to recover, statewide sales tax generated during the summer months exceeded amounts from pre-pandemic 2019. Even with the availability of indoor and outdoor dining, pent up demand resulted in long wait times to enjoy local culinary experiences. When combined with increasing restaurant tabs as the cost of food and staff wages surge, sales tax remittances are expected to continue growing. Additionally, while the industry awaits the return of foreign tourism in metropolitan areas, strong domestic travel has helped varied regions around the state especially Southern California and the Central Coast.

Receipts from general consumer goods marked a steady recovery, led by apparel retailers, jewelry, electronic/appliance and specialty outlets. Discount department stores, especially those selling gas, helped exemplify the strength of brick-and-mortar

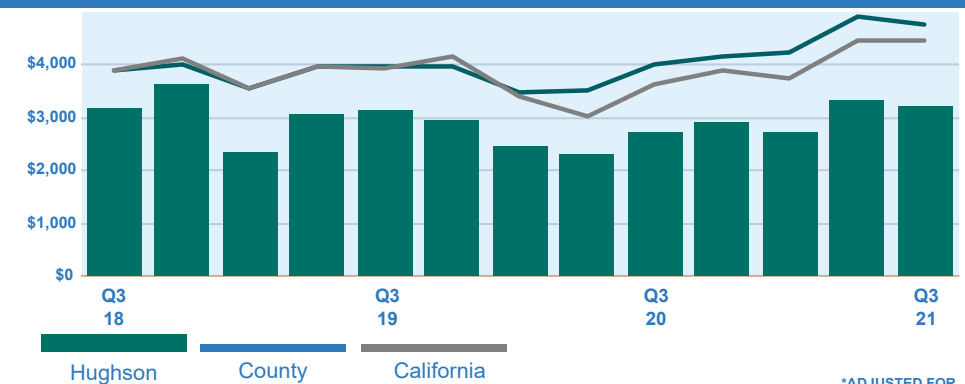
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome sign leading up to the holiday shopping period.

Although car dealers had expressed concerns about inventory shortages due to supply chain disruptions and computer chip shortages earlier in the year, the sale of new and used vehicles posted solid gains regardless. Higher property values and good weather contributed to strong building

materials and contractor returns. As commuting workers and travelers returned to the road with increased gas prices, fuel and service stations also experienced a dramatic recovery.

Overall growth is expected to continue through the end of the 2021 calendar year. Possible headwinds into 2022 include: pent up demand for travel and experiences shifting spending away from taxable goods; higher prices for fuel, merchandise and services displacing more of consumer's disposable income; and expected interest rate hikes resulting in more costly financing for automobiles, homes, and consumer loans.

### SALES PER CAPITA\*



### REVENUE BY BUSINESS GROUP Hughson This Quarter\*

