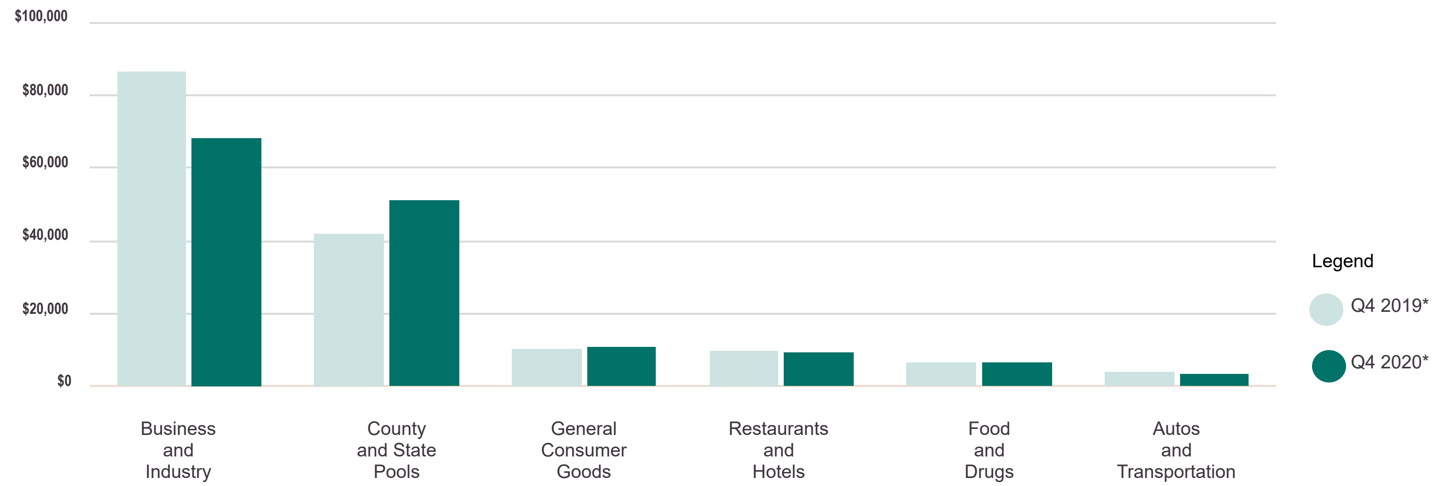
CITY OF HUGHSON
SALES TAX UPDATE
4Q 2020 (OCTOBER - DECEMBER)

HUGHSON	1.4%	6.8%	-2.0%
TOTAL: $ 259,237	4Q2020 ↑	COUNTY ↑	STATE ↓

Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF HUGHSON HIGHLIGHTS

Hughson's receipts from October through December were 7.4% below the fourth sales period in 2019. Excluding reporting aberrations, actual sales were up 1.4%.

Countywide local tax receipts from the categories within the building-construction sector performed exceptional during the holiday sales quarter, up over 26%. Regionally, the San Joaquin Valley jumped 17.9%.

Total indirect tax allocated through the Stanislaus County use-tax pool was 35.7% greater than the same period one year ago. Hughson's revenue from their pro-rata share increased by 22.6% which nudged the City's gross receipts into positive territory for the quarter.

The City's place-of-sale receipts were down 2.7%, largely attributed to lower sales from the business-industry segment. At all levels throughout the state lower consumption and prices at the pump kept proceeds from fuel-service stations depressed. Restaurants individually showed mixed results but ultimately spending shifted towards food-drugs categories.

Net of aberrations, taxable sales for all of Stanislaus County grew 6.8% over the comparable time period; the San Joaquin Valley was up 11.4%.

TOP 25 PRODUCERS

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

STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

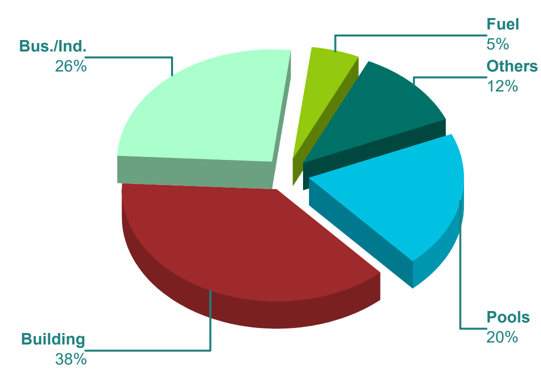
The building-construction sector, with 1) increased price of goods – like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

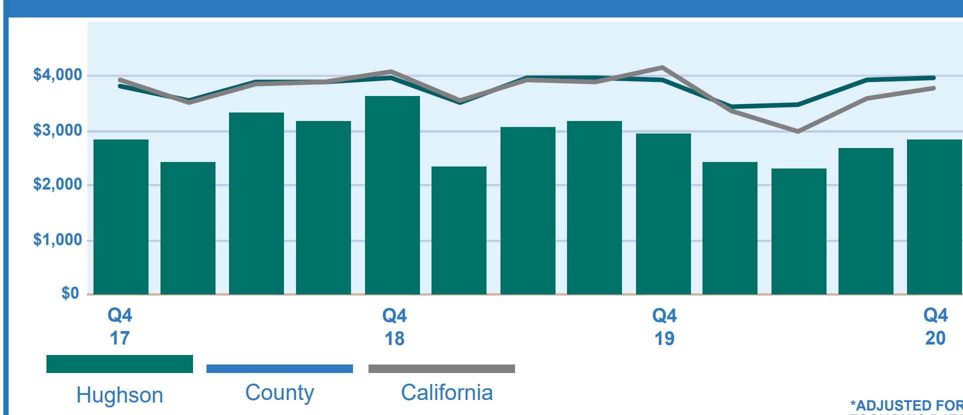
REVENUE BY BUSINESS GROUP

Hughson This Quarter*



*ADJUSTED FOR ECONOMIC DATA

SALES PER CAPITA*



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