CITY OF PASO ROBLES
SALES TAX UPDATE
3Q 2020 (JULY - SEPTEMBER)

**PASO ROBLES**

<table>
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<tr>
<th>TOTAL:</th>
<th>$2,784,531</th>
</tr>
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<tbody>
<tr>
<td>3Q2020</td>
<td>-0.2%</td>
</tr>
<tr>
<td>COUNTY</td>
<td>3.6%</td>
</tr>
<tr>
<td>STATE</td>
<td>-0.9%</td>
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</tbody>
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*Allocation aberrations have been adjusted to reflect sales activity

**SALES TAX BY MAJOR BUSINESS GROUP**

- **Autos and Transportation**
- **County and State Pools**
- **General Consumer Goods**
- **Restaurants and Hotels**
- **Business and Industry**
- **Fuel and Service Stations**
- **Building and Construction**
- **Food and Drugs**

**Supplemental Tax**

<table>
<thead>
<tr>
<th>TOTAL:</th>
<th>$1,340,444</th>
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<tbody>
<tr>
<td>0.1%</td>
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**CITY OF PASO ROBLES HIGHLIGHTS**

Paso Robles’ receipts from July through September were 5.0% above the third sales period in 2019. Excluding reporting aberrations, actual sales were down 0.2%.

Gasoline sales fell 24% as the price of oil fell on the global market due to faltering demand amid the COVID-19 pandemic. Casual eateries also posted losses as indoor dining was restricted during the period. Despite these losses, each business group outperformed the statewide trend as many homebound tourists from neighboring parts of California traveled to the area for short staycations, buttressing local results.

Also positive was a 40% surge in the countywide use tax pool this quarter. Much of this tax revenue is derived from internet purchases, which has spiked as consumers shift to online shopping to reduce their exposure to contagion during the pandemic. New car sales also increased.

The City’s voter approved Measure E-12 add-on sales tax generated an additional $1,340,000 in revenue, which was essentially flat in comparison to last year.

Net of aberrations, taxable sales for all of San Luis Obispo County grew 3.6% over the comparable time period; the Central Coast region was down 1.6%.

**TOP 25 PRODUCERS**

- ABC Supply Co
- Albertsons
- Arco AM PM
- Big Creek Lumber
- Borjon Auto Center
- Buick GMC
- Eagle Energy 76
- Fasstrip
- Firestone Walker Brewery
- Golden Hill Mobil
- Idler's Home
- JB Dewar
- Lowes
- McDonalds
- Mullahey Chrysler Dodge Jeep Ram
- Paso Robles Chevrolet
- Paso Robles Ford
- Paso Robles Kia
- Pellenc America
- Ross
- Sky River RV
- Smart & Final
- South Paso Chevron
- Target
- TJ Maxx
- Walmart
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.