

# CITY OF TUSTIN

## SALES TAX UPDATE

### 1Q 2021 (JANUARY - MARCH)



**TUSTIN**

TOTAL: \$ 7,066,316

22.0%  
1Q2021



7.2%  
COUNTY

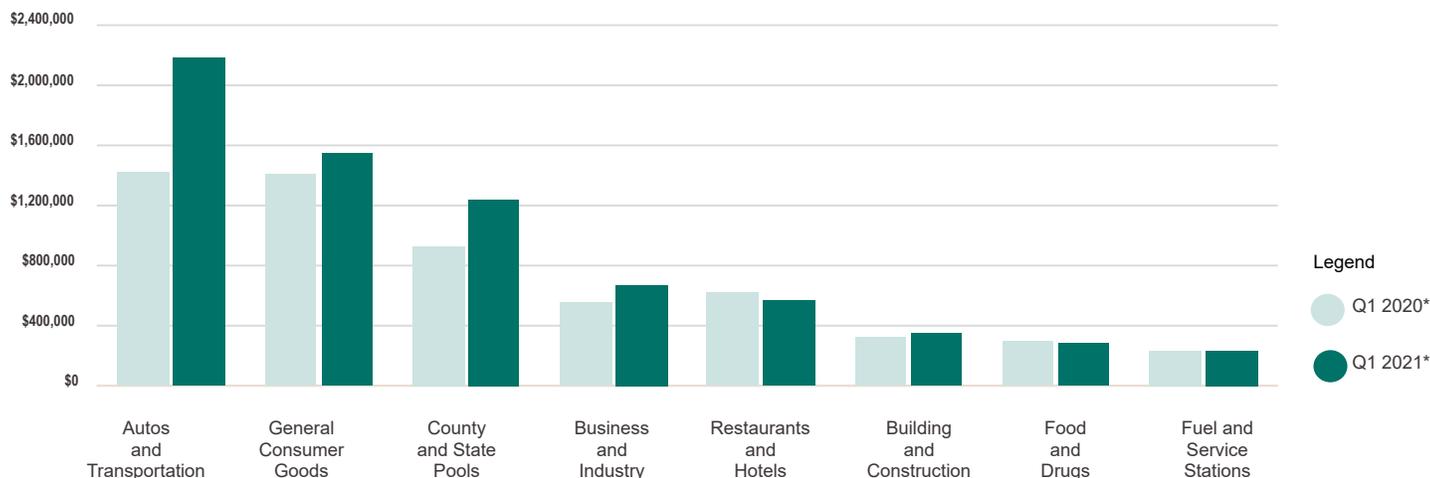


9.5%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF TUSTIN HIGHLIGHTS

Receipts from Tustin's January through March sales were 48.7% higher than the same quarter last year. However, due to the Governor's sanctioned deferral of tax payments a year ago this comparison is temporarily exaggerated. After this and other accounting aberrations are factored out, actual sales activity increased 22.0%.

All brands of new motor vehicle dealership sales were up surpassing both county and state results and was a significant factor in the overall quarterly increase. The autos-transportation group as a whole climbed 52.8%.

All categories of general consumer goods experienced positive gains boosting group returns 9.4%. Newer heavy industrial business additions and higher overall sales drove business-industry up 22.4%.

Gains from the countywide use tax pool with more online purchases being made continues to be a bright spot. The City's share grew 44.8% compared to a year ago.

Restaurants-hotels revenues were down 9.8% with only the quick-service sector showing growth.

Net of aberrations, taxable sales for all of Orange County grew 7.2% over the comparable time period; the Southern California region was up 9.0%.



### TOP 25 PRODUCERS

- |                                |                            |
|--------------------------------|----------------------------|
| AutoNation Ford                | Tustin Buck GMC            |
| AutoNation Infiniti            | Tustin Cadillac            |
| Best Buy                       | Tustin Chrysler Jeep Dodge |
| Costco                         | Tustin Hyundai/Mazda       |
| Dick's Sporting Goods          | Tustin Lexus               |
| Home Depot                     | Tustin Toyota              |
| In N Out Burger                |                            |
| Jewelry Exchange               |                            |
| Lowe's                         |                            |
| Micro Center                   |                            |
| Nissan Infiniti                |                            |
| Nissan of Tustin               |                            |
| REI                            |                            |
| Target                         |                            |
| TJ Maxx                        |                            |
| Toshiba America Medical System |                            |
| Total Wine & More              |                            |
| Toyota Lease Trust             |                            |
| Tustin Acura                   |                            |



**STATEWIDE RESULTS**

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions. Changes in business structure required a

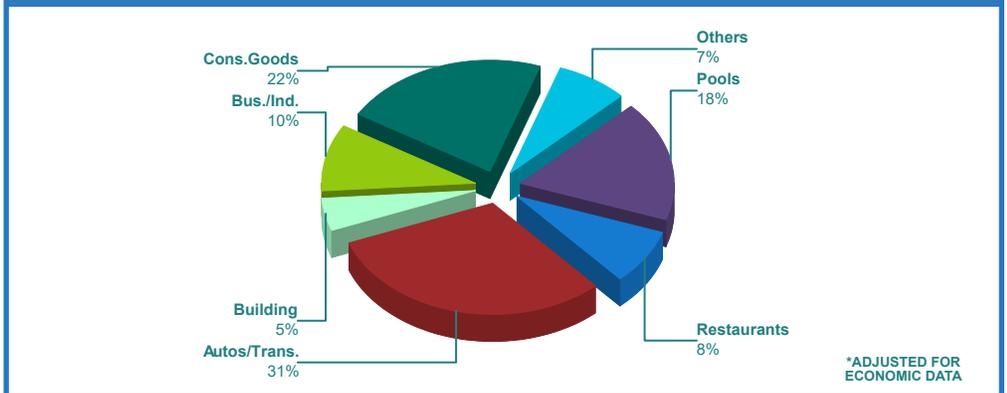
taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

Although indoor dining was available in many counties, the recovery for restaurants

and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

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



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Tustin Business Type	Q1 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,820.0	71.6% ↑	39.9% ↑	33.2% ↑
Building Materials	289.9	14.6% ↑	17.5% ↑	19.0% ↑
Casual Dining	263.3	-17.0% ↓	-10.2% ↓	-18.9% ↓
Auto Lease	253.5	0.7% ↑	0.9% ↑	-1.1% ↓
Quick-Service Restaurants	231.6	4.2% ↑	1.2% ↑	1.1% ↑
Service Stations	228.9	0.0% ↓	-4.6% ↓	-4.0% ↓
Family Apparel	179.2	28.1% ↑	23.3% ↑	20.5% ↑
Grocery Stores	141.8	-11.4% ↓	-6.8% ↓	-6.2% ↓
Sporting Goods/Bike Stores	135.7	44.0% ↑	46.4% ↑	33.3% ↑
Electronics/Appliance Stores	122.6	12.7% ↑	-5.2% ↓	9.0% ↑

\*Allocation aberrations have been adjusted to reflect sales activity      \*In thousands of dollars