

CITY OF CORNING

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



CORNING

TOTAL: \$ 922,770

2.4%
3Q2020



8.7%
COUNTY



-0.9%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure A

TOTAL: \$294,487

↓ -1.8%



CITY OF CORNING HIGHLIGHTS

Corning's receipts from July through September were 11.1% above the third sales period in 2019. However, deferred tax payments from last quarter temporarily exaggerated the cash results. Once these and other reporting aberrations are excluded, actual sales were up 2.4%.

Although this was the second quarter the economy has been impacted by the pandemic, surprisingly the city experienced growth from multiple auto-transportation vendors. Solid activity from food-drug stores and general consumer retailers further enhanced the quarterly receipts.

These local point of sale returns combined with new tax revenue from out-of-state

online retailers due to the enactment of AB147 and a dramatic increase of online sales due to business closures, boosted countywide use tax pool allocations by 33%, helping lift the overall results.

As expected, lower gas prices and reduced commuter frequency held fuel and service station returns lower, while restaurants that usually depend on indoor services like casual dining establishments continue to be hindered, partially offsetting the gains.

Net of aberrations, taxable sales for all of Tehama County grew 8.7% over the comparable time period; the Far North region was up 6.6%.



TOP 25 PRODUCERS

7 Eleven
A Wireless
AutoZone
Basra Mini Mart
Burger King
Chevron
Corning Chevron
Corning Ford Mercury
Chrysler
Corning Shell
Corning Valero
Dollar General
Jack in the Box
Les Schwab Tire Center
Liquor Cabinet 1
Loves Travel Stop

McCoys Hardware & Farm Supply
McDonalds
Napa Auto Parts
O'Reilly Auto Parts
Rite Aid
Safeway
Sav More
Speedco California
TA & Petro Travel Centers
Taco Bell



STATEWIDE RESULTS

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.

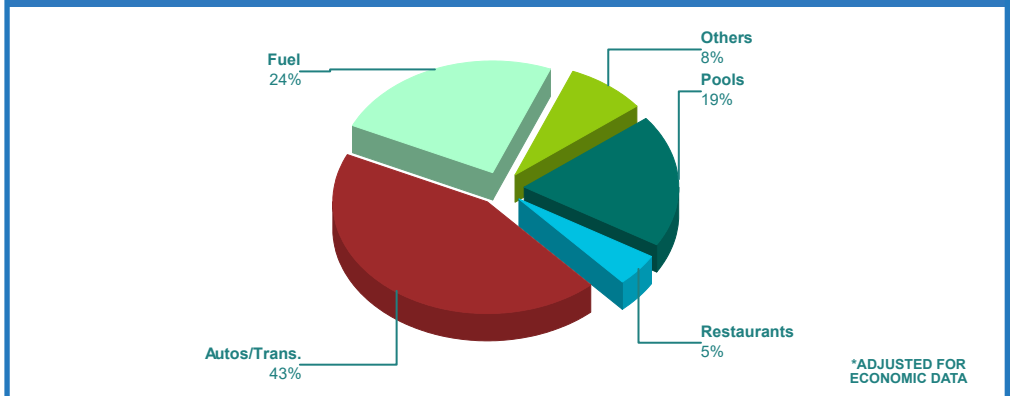
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until 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.

REVENUE BY BUSINESS GROUP Corning This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Corning Business Type	Q3 '20	Change	County Change	HdL State Change
Service Stations	223,705	-23.0% ↓	-22.4% ↓	-29.0% ↓
Quick-Service Restaurants	29,891	1.4% ↑	6.3% ↑	-10.3% ↓
Automotive Supply Stores	27,301	11.4% ↑	9.5% ↑	5.6% ↑
Convenience Stores/Liquor	15,371	23.8% ↑	0.4% ↑	15.0% ↑
Casual Dining	14,264	-11.3% ↓	-30.6% ↓	-37.9% ↓
Auto Repair Shops	5,342	10.4% ↑	-7.1% ↓	-13.7% ↓
Auto Lease	4,170	51.2% ↑	51.0% ↑	-5.4% ↓
Art/Gift/Novelty Stores	-	na	16.2% ↑	-20.1% ↓
Sporting Goods/Bike Stores	-	na	30.5% ↑	22.0% ↑
Department Stores	-	na	-100.0% ↓	-42.5% ↓

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