

Q2 2020



City of Diamond Bar Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

Diamond Bar In Brief

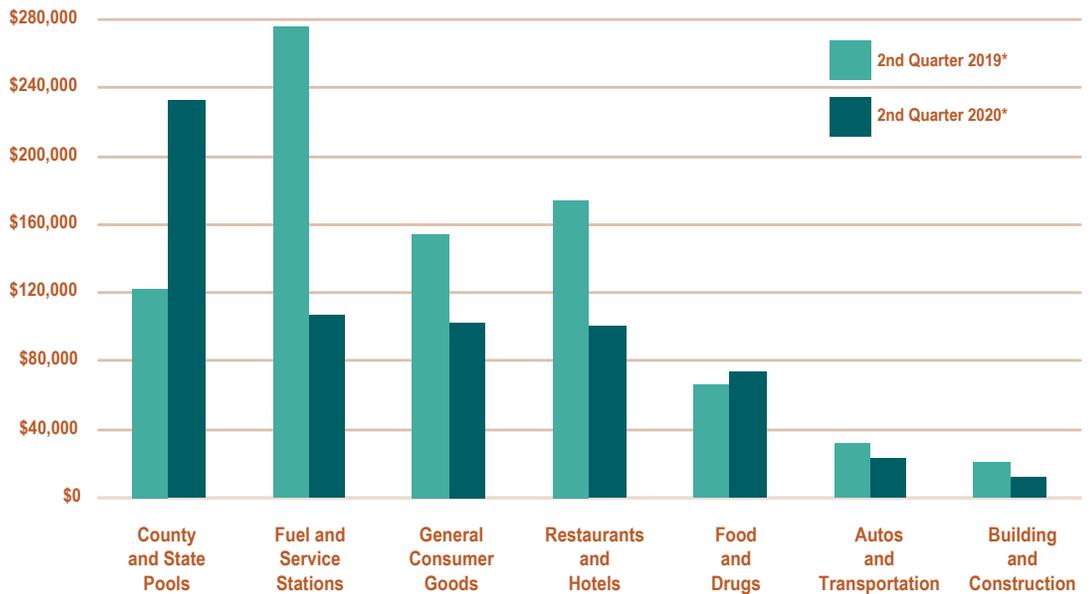
Diamond Bar's receipts from April through June were 26.9% above the second sales period in 2019. However, a large negative allocation in the prior year combined with deferred tax payments from last quarter temporarily exaggerated the cash results. Once these and other reporting aberrations are excluded, actual sales were down 22.3%.

This quarter was dramatically impacted by the economic shutdown resulting from Covid-19 and the shelter-in-place directive. As expected, gas station returns decreased with the lack of consumption, while general consumer retailers and restaurants were immediately hindered by temporary closures.

Partially offsetting the declines were continued new tax revenue from out-of-state online retailers due to the enactment of AB147 combined with increased online sales due to the shutdown, which boosted countywide use tax pool allocations to the City by 89%.

Net of aberrations, taxable sales for all of Los Angeles County declined 22.7% over the comparable time period; the Southern California region was down 18.0%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Albertsons	In N Out Burger
Arco AM PM	McDonald's
California Integrated Solutions	Luoshan International
Chevron Extra Mile	Restaurant Depot
Circle K	Ross
CVS Pharmacy	Sams Mobile
Diamond Bar Chevron	Shell
Diamond Bar Shell	Smart & Final
Diamond Hills Collision Center	Sprouts Farmers Market
Farmer Boys	Super H Mart
Grand Mobil	Target
Graybar Electric	Walmart Neighborhood Market
Habit Burger Grill	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2018-19	2019-20
Point-of-Sale	\$4,764,294	\$4,029,735
County Pool	700,921	861,409
State Pool	2,399	2,141
Gross Receipts	\$5,467,614	\$4,893,285

Statewide Results

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

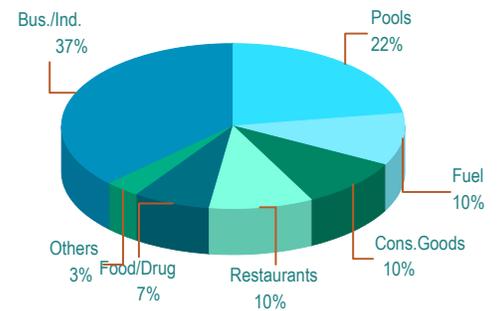
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Diamond Bar This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

DIAMOND BAR TOP 15 BUSINESS TYPES**

Business Type	Diamond Bar		County	HdL State
	Q2 '20	Change	Change	Change
Auto Repair Shops	10,906	-3.9%	-35.5%	-28.2%
Automotive Supply Stores	10,512	-15.3%	-10.6%	-4.7%
Casual Dining	33,705	-59.2%	-56.0%	-53.2%
Contractors	7,978	-53.0%	-11.2%	-12.2%
Convenience Stores/Liquor	9,356	17.8%	9.7%	8.4%
Discount Dept Stores	— CONFIDENTIAL —	—	-11.7%	-6.3%
Drug Stores	— CONFIDENTIAL —	—	-1.9%	0.1%
Electrical Equipment	— CONFIDENTIAL —	—	-15.7%	-16.5%
Family Apparel	— CONFIDENTIAL —	—	-67.2%	-66.3%
Fast-Casual Restaurants	13,754	-11.5%	-34.7%	-30.3%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-30.2%	-27.0%
Grocery Stores	53,792	16.2%	5.3%	7.8%
Quick-Service Restaurants	51,882	-22.9%	-26.2%	-22.0%
Service Stations	106,881	-61.3%	-50.1%	-45.2%
Specialty Stores	11,693	-51.5%	-37.8%	-36.2%
Total All Accounts	805,236	-33.6%	-31.2%	-24.0%
County & State Pool Allocation	232,117	89.4%	31.2%	28.9%
Gross Receipts	1,037,354	-22.3%	-22.7%	-16.3%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.