

Q2 2020



City of Pasadena Sales Tax *Update*

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

Pasadena In Brief

Pasadena's receipts from April through June were 15.4% below the second sales period in 2019 as payments deferred from earlier periods were collected. After adjusting for the payment issues and other reporting corrections, actual sales were down 27.3%.

Second quarter 2020 was the economic bottoming out from the COVID-19 pandemic. With doors closed for all but a few essential businesses, general consumer goods categories reported significant declines in tax revenues.

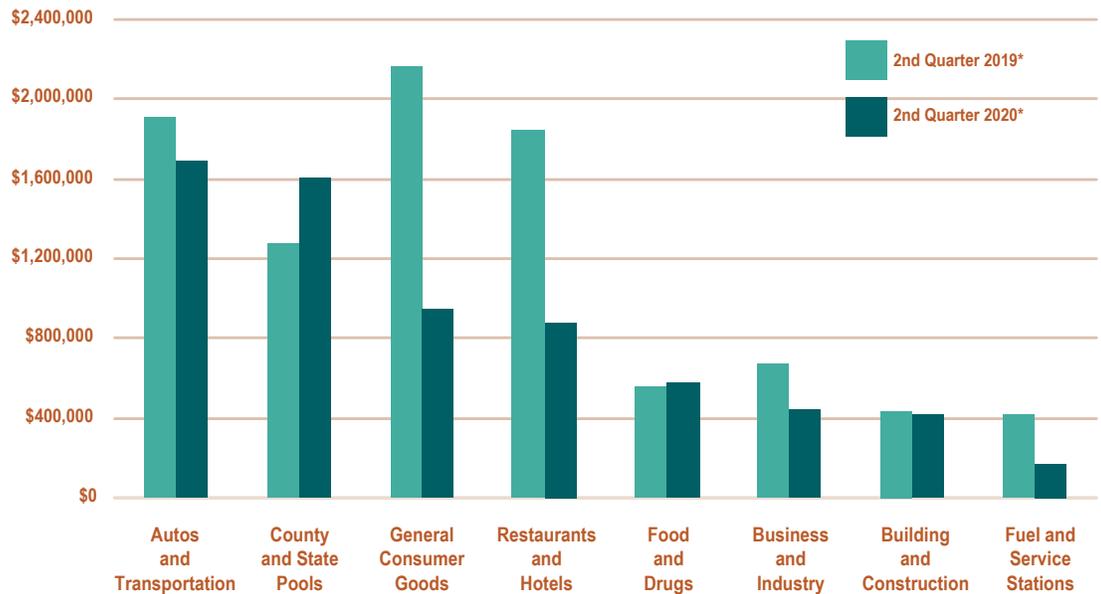
Shelter in place directives resulted in smaller tax remittances in restaurants and entertainment venues. New auto sales dipped 8.7% outperforming regional trends. Business to business transactions declined while less local travel and lower prices depressed service station receipts.

Countywide use tax pool allocations climbed upward as recent legislation allowed tax collection from third-party sellers on internet-based platforms.

Measure I the City's 75% district tax generated \$4,817,518 in its fifth quarter since inception. This represents a decline of 17.8% absent reporting adjustments.

Net of aberrations, taxable sales for all of Los Angeles County declined 22.7% over a year ago.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Audi & Bentley Leasing	Pasadena Volkswagen
Avon Distribution Center	Porsche Leasing
Best Buy	Ralphs
CVS Pharmacy	Ralphs Fresh Fare
Enterprise Rent A Car	Rusnak Luxury Autos
Ferguson Enterprises	Symes Cadillac/Land Rover
Ganahl Lumber	Target
Hertz Rent A Car	Tesla Motors
Honda of Pasadena	Thorson GMC Buick
JP Morgan Chase Bank	Total Wine & More
Mission Liquor & Tobacco	Toyota of Pasadena
	Trader Joes
	Vons
	Whole Foods Market

REVENUE COMPARISON

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

	2018-19	2019-20
Point-of-Sale	\$34,370,944	\$27,379,422
County Pool	5,100,041	5,845,796
State Pool	17,201	14,341
Gross Receipts	\$39,488,186	\$33,239,558
Measure I	\$5,351,749	\$23,975,104

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

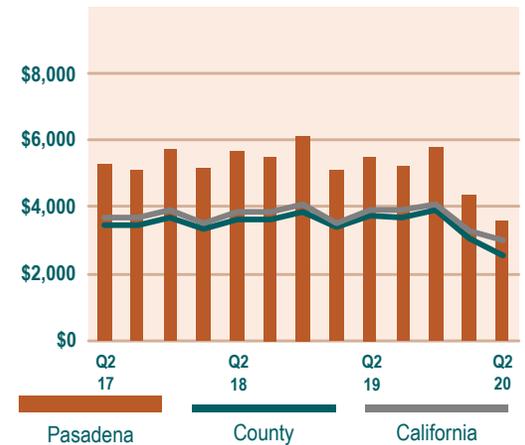
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

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.

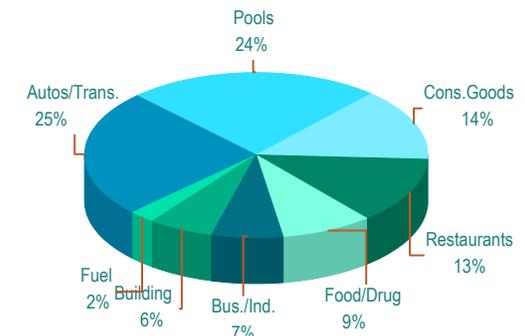
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected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

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

**REVENUE BY BUSINESS GROUP
Pasadena This Quarter***



*Allocation aberrations have been adjusted to reflect sales activity

PASADENA TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Pasadena Q2 '20*	Change	County Change	HdL State Change
Auto Lease	252.3	-5.5%	-11.9%	-9.2%
Building Materials	213.8	-0.9%	2.3%	7.0%
Casual Dining	372.3	-54.3%	-56.0%	-53.2%
Convenience Stores/Liquor	158.6	44.3%	9.7%	8.4%
Discount Dept Stores	—	CONFIDENTIAL	-11.7%	-6.3%
Fast-Casual Restaurants	108.8	-42.0%	-34.7%	-30.2%
Fulfillment Centers	—	CONFIDENTIAL	0.3%	142.9%
Grocery Stores	342.9	-3.9%	5.3%	7.8%
Home Furnishings	106.6	-55.1%	-41.9%	-41.7%
New Motor Vehicle Dealers	1,168.3	-8.7%	-19.6%	-15.8%
Plumbing/Electrical Supplies	150.5	1.0%	-15.7%	-15.8%
Quick-Service Restaurants	263.8	-30.1%	-26.2%	-22.0%
Service Stations	166.8	-59.8%	-50.1%	-45.2%
Specialty Stores	110.6	-44.4%	-38.0%	-36.2%
Transportation/Rentals	110.9	-22.6%	-58.5%	-51.6%
Total All Accounts	5,132.8	-35.8%	-31.2%	-24.0%
County & State Pool Allocation	1,611.0	26.2%	31.2%	28.9%
Gross Receipts	6,743.8	-27.3%	-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.