

CITY OF PASADENA

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



PASADENA

TOTAL: \$ 10,738,244

12.1%
4Q2021



16.9%
COUNTY

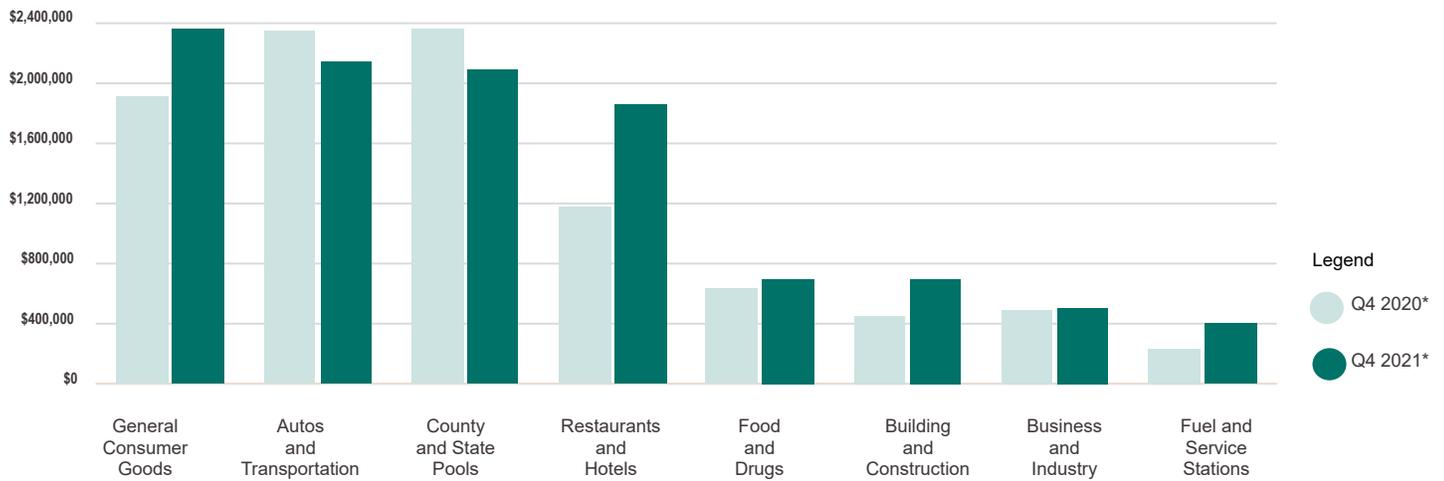


15.6%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure I

TOTAL: \$8,111,243

↑ 24.3%



CITY OF PASADENA HIGHLIGHTS

Pasadena's gross receipts from October through December were 15.6% above the fourth sales period in 2020. Adjustments for delayed payments and other reporting modifications resulted in actual sales up 12.1% - with place of sale collections soaring 19.7%.

The high price of vehicles and dealership sales drove autos-transportation receipts - as buyers snapped up remaining inventories; however, comparable revenues were skewed down due to a large prior-year audit correction. The fourth quarter shopping season lured people into stores and online to fill their shopping lists - with electronics/appliance and family apparel sales boosting general

consumer goods revenues.

Restaurant-hotel receipts jumped 59% as people enjoyed casual dining, travel and entertainment experiences. High gas prices and increased travel propelled service station receipts up. Pricely building materials boosted building-construction.

Conversely, the City's share of the countywide use tax pool dipped 11.2%, driven by taxpayer reporting changes, larger growth by other county agencies, and slightly weaker online sales. However, ecommerce and the pools remain a solid source of local revenue.



TOP 25 PRODUCERS

Apple
Audi & Bentley Leasing
Best Buy
Ganahl Lumber
Home Depot
Honda of Pasadena
JP Morgan Chase Bank
Macys
Marshalls
Mission Liquor & Tobacco
Nordstrom Rack
Pasadena Volkswagon
Ralphs
Ross
Rusnak Luxury Autos

Symes Cadillac/Land Rover
Target
Tesla Motors
Thorson GMC Buick
Tiffany & Co
Total Wine & More
Toyota of Pasadena
United Oil
Vons
Vroman's Bookstore



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 15% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women’s apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

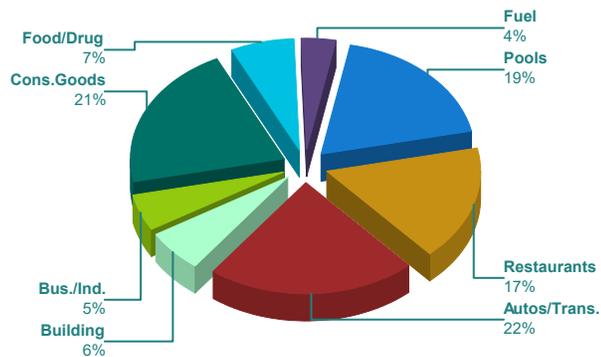
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State’s history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia’s war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

REVENUE BY BUSINESS GROUP Pasadena This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Pasadena Business Type	Q4 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,569.1	-12.0% ↓	22.7% ↑	15.5% ↑
Casual Dining	844.1	63.6% ↑	80.5% ↑	66.4% ↑
Building Materials	422.8	88.2% ↑	3.3% ↑	2.3% ↑
Service Stations	401.5	76.0% ↑	60.4% ↑	53.8% ↑
Electronics/Appliance Stores	375.8	29.2% ↑	2.9% ↑	8.4% ↑
Grocery Stores	358.7	6.4% ↑	0.1% ↑	0.6% ↑
Quick-Service Restaurants	353.1	11.1% ↑	13.9% ↑	12.1% ↑
Family Apparel	322.8	31.5% ↑	32.0% ↑	27.2% ↑
Specialty Stores	279.1	47.4% ↑	18.5% ↑	18.7% ↑
Auto Lease	267.9	-3.5% ↓	-4.8% ↓	-4.7% ↓

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*In thousands of dollars