

Q1 2020



Rancho Mirage Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2020)

Rancho Mirage In Brief

Rancho Mirage's receipts from January through March were 32.0% below the first sales period in 2019 as many taxpayers took advantage of the State's tax payment holiday. After accounting for the missing payments and other reporting issues, actual receipts for the period were down 6.5%.

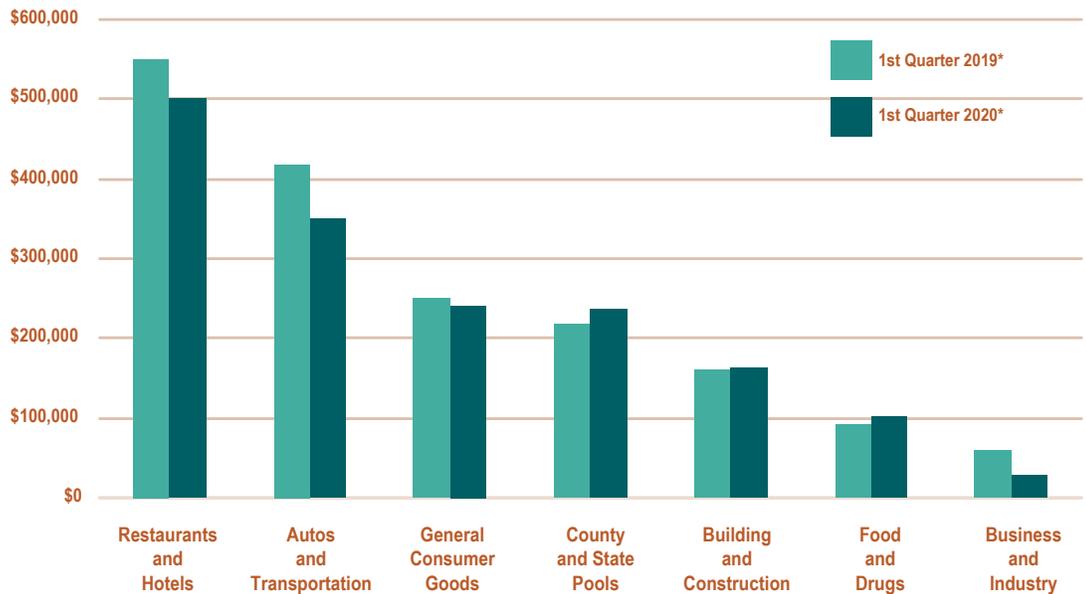
The next update will provide more information regarding the amount of taxes deferred from the current year into the 2020-21 fiscal year and the timeframe for collecting the payments.

This period, spending on transportation, equipment used by business and industrial concerns, and restaurant food declined significantly.

Partially offsetting the decline were construction activity and a rise in purchases at food and drug outlets.

Net of adjustments, taxable sales for all of Riverside County declined 0.3% over the comparable time period while those of the entire Southern California region were down 4.1%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Albertsons	Mistys Consignments
Arco AM PM	Omni Rancho Las Palmas Resort & Spa
Audi Leasing	Pacific Sales w/Best Buy
Bentley Leasing	Patton Design Studio
Cart Mart	Pirch
Cheesecake Factory	Porsche Leasing
Clarks Nutrition Center	Ritz Carlton Rancho Mirage
CVS Pharmacy	Shell
Desert European Motorcars	Si Bon
Ferguson Enterprises	Stein Mart
Financial Services Vehicle Trust	Westin Mission Hills Golf Resort & Spa
Gelson's Markets	Yard House
Home Depot	
JP Morgan Chase Bank	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2018-19	2019-20
Point-of-Sale	\$4,220,355	\$3,733,738
County Pool	653,522	595,869
State Pool	2,232	2,088
Gross Receipts	\$4,876,109	\$4,331,695

Statewide Results

With stay at home/non-essential business restrictions in place during the last two weeks of the quarter, local one cent tax revenues for the state overall, were 18.8% lower than January to March of 2019. Taxpayer relief programs accounted for much of the decline with receipts down roughly 3.1% after factoring for payment deferrals and other accounting anomalies.

Severe drops in auto sales, general consumer goods, service stations and restaurants were largely offset by new revenue from implementation of the Wayfair v. South Dakota decision that now requires out-of-state retailers to collect and remit Californian's sales and use tax. Other offsets included a surge in online shopping that boosted receipts from the county use tax allocation pools and from online retailers who maintain and ship their inventory from within California.

The food/drug sector also showed strong gains as did many home supply, dollar and discount stores that remained open during the shutdown.

New Challenges & Opportunities

Current indicators suggest that overall tax receipts for the April thru June sales period will bottom out at 27% below the second quarter of 2019. The speed of the rebound in sales activity will be dependent on the availability of adequate testing, treatment therapies and ultimately a vaccine. Until then, physical distancing, COVID-19 protocols and supply chain disruptions will create limitations on some operating capacities and the return to work of all employees. Health fears, discounts and liquidation sales may also keep sales tax revenues below pre-pandemic levels until solutions are in place.

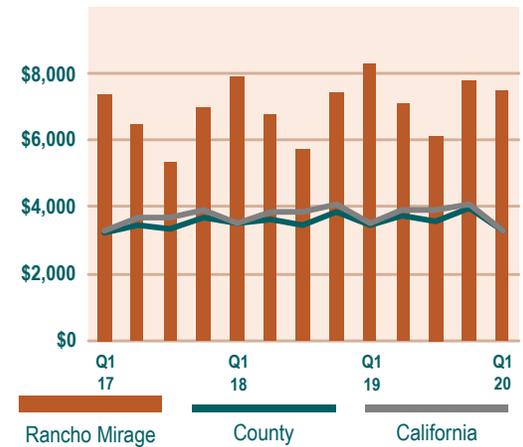
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

Over expansion, excessive debt and consumer shifts to online shopping were already resulting in bankruptcies with estimates of up to 25,000 brick-and-mortar store closings by the end of 2020. "Touch and feel" shopping is not going away but retailers see an evolution where in-store shopping is more leisure/recreational oriented with smaller stores offering more show-rooming and delivery/pick-up services. The smaller footprints and lifestyle emphasis offer opportunities to reinstate downtowns and neighborhood centers as economic/social gathering places.

The Pandemic's capture of new online customers and the growing trend of manufacturers and entrepreneurs with new concepts to bypass physical stores and sell directly to the consumer also expands options for agencies without large market populations to generate sales tax through industrial development.

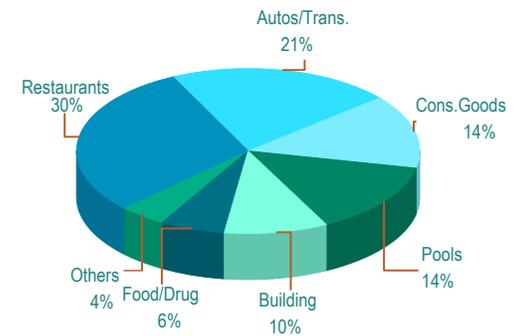
Finally, the Pandemic's disruption of supply chains has also accelerated growing dissatisfaction with overseas arrangements and some reshoring will occur which offers opportunities to leverage a city's existing business base to attract compatible support industries.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Rancho Mirage This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

RANCHO MIRAGE TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Rancho Mirage Q1 '20*	Change	County Change	HdL State Change
Auto Lease	111.9	-10.2%	4.8%	1.6%
Boats/Motorcycles	—	CONFIDENTIAL	5.3%	-5.3%
Building Materials	—	CONFIDENTIAL	5.8%	3.0%
Casual Dining	163.6	-8.3%	-17.1%	-18.8%
Electronics/Appliance Stores	60.2	-7.8%	-17.3%	-18.0%
Fine Dining	59.2	-15.7%	-27.7%	-24.1%
Grocery Stores	—	CONFIDENTIAL	11.7%	11.8%
Home Furnishings	89.1	35.1%	-9.3%	-12.9%
Hotels-Liquor	198.2	-1.8%	-37.3%	-28.4%
Leisure/Entertainment	38.2	-32.0%	-25.9%	-21.6%
New Motor Vehicle Dealers	—	CONFIDENTIAL	-6.6%	-10.6%
Plumbing/Electrical Supplies	—	CONFIDENTIAL	3.8%	1.5%
Quick-Service Restaurants	30.1	-5.2%	-5.0%	-8.5%
Service Stations	46.3	48.0%	-3.9%	-9.5%
Specialty Stores	27.0	-8.1%	-11.6%	-10.1%
Total All Accounts	1,431.1	-8.6%	-4.3%	-7.3%
County & State Pool Allocation	236.8	8.8%	27.8%	22.4%
Gross Receipts	1,667.9	-6.5%	-0.3%	-3.0%

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