

Q2 2020



Rancho Mirage Sales Tax *Update*

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

Rancho Mirage In Brief

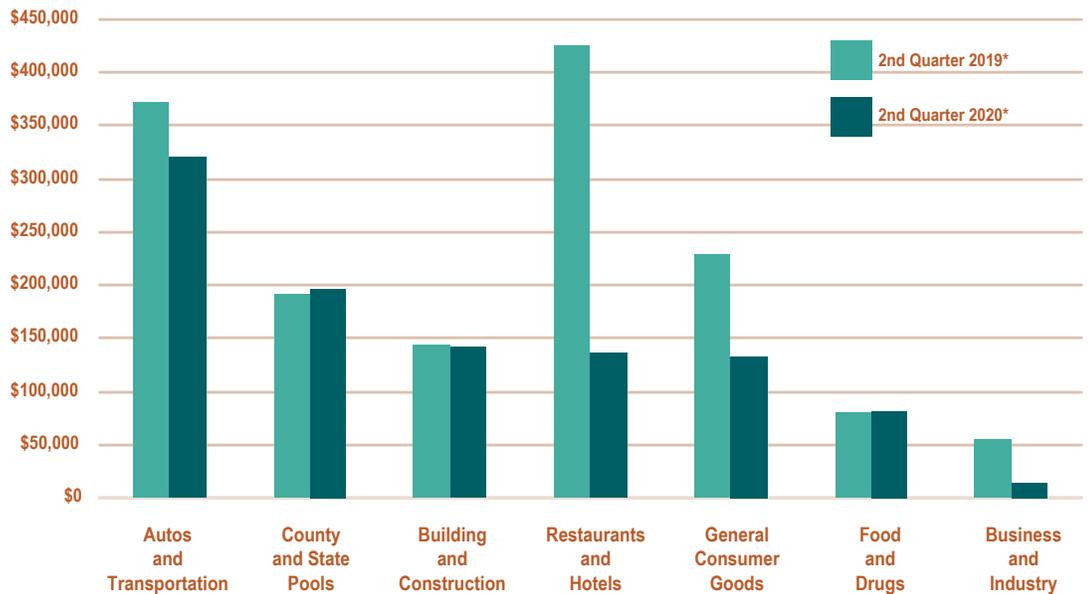
Rancho Mirage's receipts from April through June were 21.5% below the second sales period in 2019. Excluding reporting adjustments, actual receipts for the period were down 31.5%.

This period saw the worst impacts of the Covid-19 pandemic reaction and all local business groups reported a drop in sales except the sellers of food and medicines. The decline in business-industry activity was exaggerated since the prior year contained a large, one-time tax allocation. The significant drop in tourism and commuter travel cut fuel sales by nearly 25%.

Fortunately, consumers turned to the internet to find what they needed and those sales boosted the county wide use tax pool by nearly 38%. That generated an increase for the City's allocation from the pool.

Net of adjustments, taxable sales for all of Riverside County declined 7.1% over the comparable time period while those of the entire Southern California region were 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	Gelson's Markets
Arco AM PM	Home Depot
Audi Leasing	Jo Ann Fabrics & Crafts
Bentley Leasing	JP Morgan Chase Bank
Cart Mart	McDonalds
Cheesecake Factory	Pacific Sales
Chevron	Pacific Sales w/Best Buy
Clarks Nutrition Center	Pirch
CVS Pharmacy	Porsche Leasing
Desert European Motorcars	Ritz Carlton Rancho Mirage
Eisenhower Medical Center	Scandinavian Designs
Ferguson Enterprises	Walgreens
Financial Services Vehicle Trust	Yard House

REVENUE COMPARISON

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

	2018-19	2019-20
Point-of-Sale	\$5,594,227	\$4,819,723
County Pool	854,183	745,718
State Pool	2,823	2,481
Gross Receipts	\$6,451,232	\$5,567,921

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.

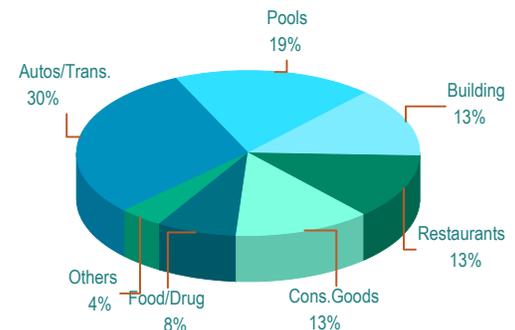
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected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

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Rancho Mirage This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

RANCHO MIRAGE TOP 15 BUSINESS TYPES**

Business Type	Rancho Mirage		County	HdL State
	Q2 '20	Change	Change	Change
Auto Lease	102,405	-20.5%	-7.0%	-9.2%
Boats/Motorcycles	— CONFIDENTIAL —	—	44.5%	9.2%
Building Materials	— CONFIDENTIAL —	—	23.6%	7.0%
Casual Dining	51,067	-65.2%	-50.7%	-53.2%
Drug Stores	— CONFIDENTIAL —	—	3.4%	0.1%
Electronics/Appliance Stores	42,683	-37.3%	-45.6%	-50.7%
Fine Dining	18,843	-63.7%	-67.2%	-64.0%
Grocery Stores	— CONFIDENTIAL —	—	6.1%	7.8%
Home Furnishings	40,545	-25.6%	-37.5%	-41.7%
Hotels-Liquor	30,622	-77.8%	-75.5%	-80.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-4.2%	-15.8%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	-7.1%	-15.8%
Quick-Service Restaurants	20,402	-36.4%	-8.7%	-22.0%
Service Stations	29,233	-24.6%	-40.6%	-45.2%
Specialty Stores	18,151	-31.7%	-38.7%	-36.0%
Total All Accounts	855,832	-36.4%	-13.2%	-24.0%
County & State Pool Allocation	197,525	2.9%	36.7%	28.2%
Gross Receipts	1,053,356	-31.5%	-7.2%	-16.4%

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