

CITY OF RANCHO MIRAGE

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



RANCHO MIRAGE

TOTAL: \$ 1,160,366

-12.9%

3Q2020



7.5%

COUNTY



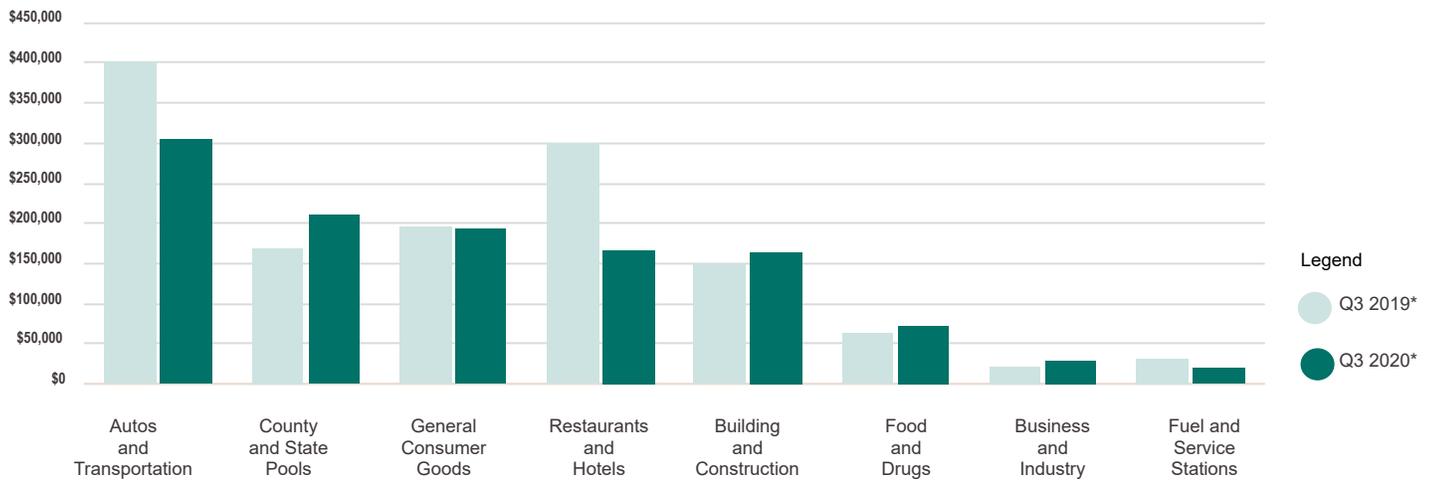
-0.9%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF RANCHO MIRAGE HIGHLIGHTS

Rancho Mirage's receipts from July through September were 11.6% below the third sales period in 2019. Excluding reporting aberrations, actual sales were down 12.9%.

Restrictions on dine-in restaurants operations at the state and local levels resulted in a significant decline in revenue for 3Q20. The autos-transportation sector experienced a sluggish sales quarter, with some consumers delaying purchased until the economy is more stable.

The resurgence of COVID-19 cases in Southern California combined with crude oil oversupply resulting from the OPEC-Russia price war led to a slower-than-expected recovery for fuel-service stations. Consumer spending increased in the third quarter as more retail stores re-opened, but revenues are still far

below pre-pandemic levels.

One-time use tax payments resulted in a temporary increase in revenue from business-industry. The cook-at-home pandemic trend became the norm during COVID-19, boosting revenue from food-drug retailers. The home improvement trend continued in 2Q20, pushing up receipts from building-construction.

The City's share of the countywide use tax pool increased 23.5% over the same period in the prior year.

Net of aberrations, taxable sales for all of Riverside County grew 7.5% over the comparable time period; the Southern California region was down 1.5%.



TOP 25 PRODUCERS

- Albertsons
- Audi Leasing Bentley Leasing
- Cart Mart
- Cheesecake Factory
- Clarks Nutrition Center
- CVS Pharmacy
- Desert European Motorcars
- Eisenhower Medical Center
- Ferguson Enterprises
- Financial Services Vehicle Trust
- Gelson's Markets
- Hobby Lobby
- Home Depot
- Jo Ann Fabrics & Crafts
- JP Morgan Chase Bank
- McDonalds
- Mistys Consignments
- Omni Rancho Las Palmas Resort & Spa
- Pacific Sales
- Pacific Sales w/Best Buy
- Porsche Leasing
- Randy Patton Design Studio
- Scandinavian Designs
- Stein Mart
- Yard House



STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last

year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

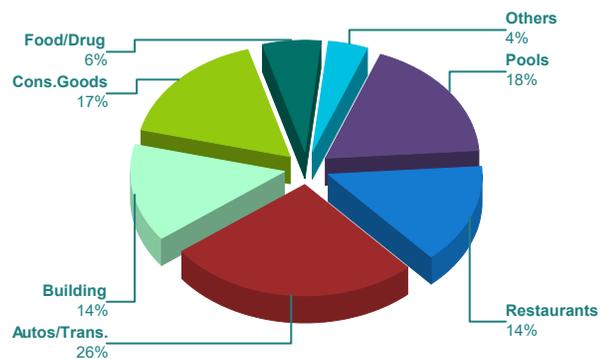
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up

of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

REVENUE BY BUSINESS GROUP
Rancho Mirage This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

| Rancho Mirage Business Type | Q3 '20 | Change | County Change | HdL State Change |
|------------------------------|---------|----------|---------------|------------------|
| Auto Lease | 108,117 | -12.7% ↓ | -4.5% ↓ | -5.4% ↓ |
| Casual Dining | 78,241 | -33.8% ↓ | -30.9% ↓ | -38.0% ↓ |
| Home Furnishings | 65,008 | 21.0% ↑ | 7.6% ↑ | -3.5% ↓ |
| Electronics/Appliance Stores | 52,978 | -13.1% ↓ | -9.2% ↓ | -21.1% ↓ |
| Specialty Stores | 29,670 | 31.8% ↑ | 2.1% ↑ | -8.7% ↓ |
| Hotels-Liquor | 26,099 | -72.2% ↓ | -74.6% ↓ | -74.7% ↓ |
| Quick-Service Restaurants | 23,745 | -18.7% ↓ | 9.1% ↑ | -10.2% ↓ |
| Fine Dining | 20,612 | -41.1% ↓ | -40.6% ↓ | -51.2% ↓ |
| Service Stations | 19,243 | -38.7% ↓ | -20.4% ↓ | -29.0% ↓ |
| Second-Hand Stores | 17,195 | 35.9% ↑ | 0.0% ↑ | -4.9% ↓ |

*Allocation aberrations have been adjusted to reflect sales activity