

# CITY OF DEL MAR

## SALES TAX UPDATE

### 4Q 2020 (OCTOBER - DECEMBER)



**DEL MAR**

TOTAL: \$ 232,823

-42.4%

4Q2020



-1.9%

COUNTY



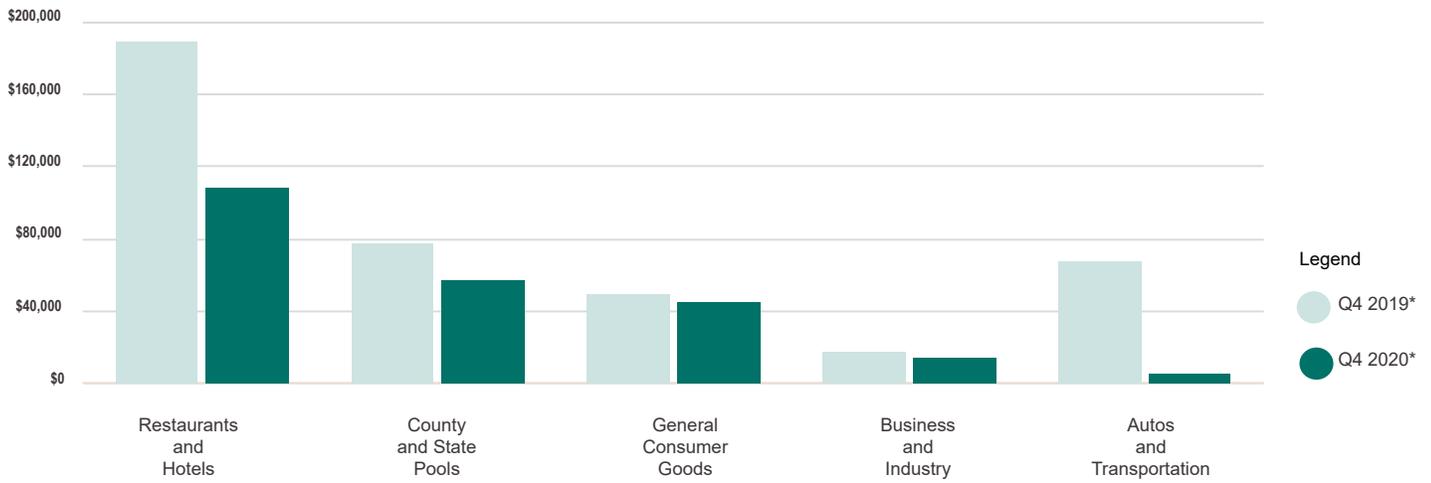
-2.0%

STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### Measure Q

TOTAL: \$513,265

↓ -13.0%



### CITY OF DEL MAR HIGHLIGHTS

Del Mar's receipts from October through December were 49.0% below the fourth sales period in 2019. Excluding reporting aberrations, actual sales were down 42.4%.

This was the third quarter of economic impacts due to the pandemic. As expected, restaurants that usually depend on indoor services like casual dining establishments and hotels continue to be hindered. A modified race schedule and lower attendance for the fall racing season appears to have negatively impacted results as well.

One time activity in the comparison period was responsible for the drop

from auto-transportation merchants, while general consumer retailers like family and women's apparel and specialty stores struggled with capacity limitations and decreased patron foot traffic. These declines in the local place of sale further contributed to a smaller allocation from the county use tax pool, which is allocated proportionally based on how much local merchants generate compared to retailers in other cities throughout the county.

Net of aberrations, taxable sales for all of San Diego County declined 1.9% over the comparable time period; the Southern California region was down 2.7%.



### TOP 25 PRODUCERS

- |                                     |                              |
|-------------------------------------|------------------------------|
| Banana Republic                     | Il Fornaio                   |
| Beeside Balcony                     | Jakes Del Mar                |
| Brigantine                          | Jr Resources                 |
| Chinese Double Happiness Restaurant | L Auberge Del Mar            |
| Del Mar Blue Print Co               | Pacifica Del Mar Restaurant  |
| Del Mar Car Care                    | Poseidon On The Beach        |
| Del Mar Liquor & Deli               | Purdy Tree Farms             |
| Del Mar Pizza & Pasta               | Rusty Surfboards Del Mar Inc |
| Del Mar Rendezvous                  | Sbicca                       |
| Del Mar Thoroughbred Club           | Shinbashi Izakaya            |
| Dexters Deli                        | State Of California          |
| En Fuego Cantina & Grill            | Viewpoint Brewing            |
| Exquisite Kitchen Design            |                              |



**STATEWIDE RESULTS**

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national

presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

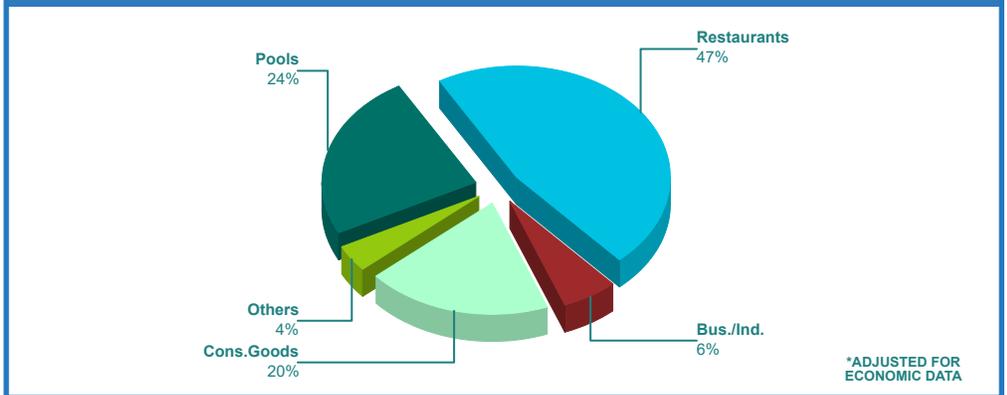
The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset the declines. Greater online shopping signifying a permanent shift of consumer

habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

**REVENUE BY BUSINESS GROUP**  
Del Mar This Quarter\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Del Mar Business Type	Q4 '20	Change	County Change	HdL State Change
Casual Dining	72,989	-35.8% ↓	-38.6% ↓	-39.3% ↓
Specialty Stores	9,037	-21.3% ↓	-8.2% ↓	-6.9% ↓
Business Services	7,672	-35.1% ↓	-20.6% ↓	-16.3% ↓
Quick-Service Restaurants	6,750	-77.4% ↓	-9.0% ↓	-8.8% ↓
Women's Apparel	4,640	-30.6% ↓	-38.1% ↓	-36.0% ↓
Family Apparel	4,206	-37.2% ↓	-21.1% ↓	-16.2% ↓
Jewelry Stores	864	-47.9% ↓	-17.2% ↓	-1.8% ↓
Personal Service-No Liquor	482	-66.9% ↓	-40.9% ↓	-33.8% ↓
Medical/Biotech	341	-8.8% ↓	40.6% ↑	16.2% ↑
Part Time Permittees	121	-86.0% ↓	-28.8% ↓	-35.2% ↓

\*Allocation aberrations have been adjusted to reflect sales activity