

# CITY OF DEL MAR

## SALES TAX UPDATE

### 3Q 2021 (JULY - SEPTEMBER)



**DEL MAR**

TOTAL: \$ 637,052

114.8%

3Q2021



18.2%

COUNTY



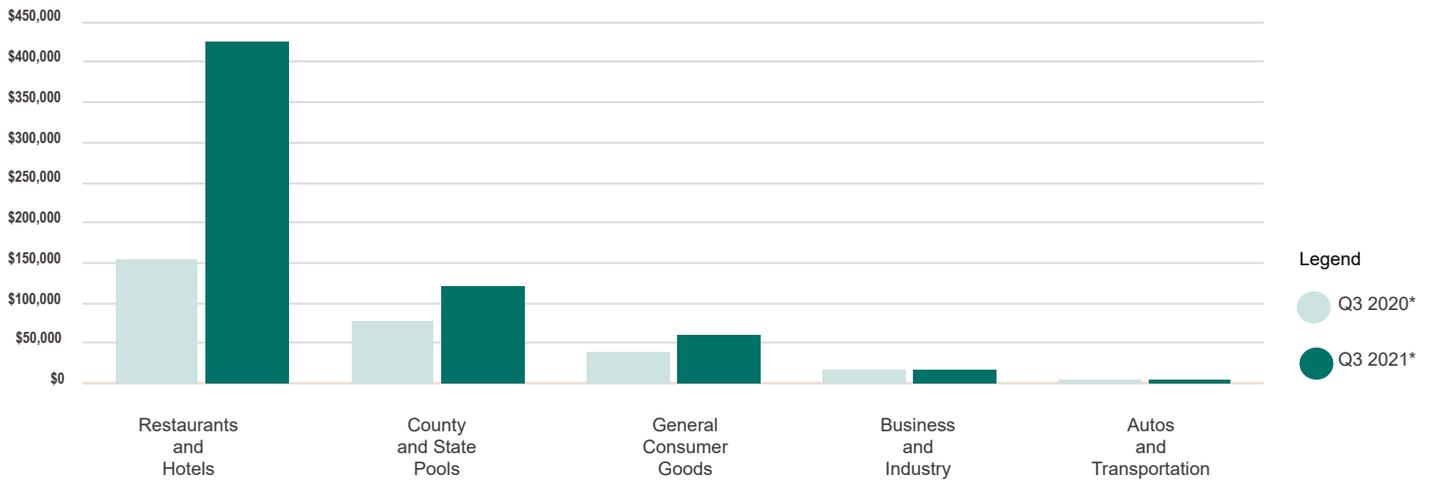
18.2%

STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### Measure Q

TOTAL: \$928,156

↑ 68.7%



### CITY OF DEL MAR HIGHLIGHTS

Del Mar's receipts from July through September were 91.4% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 114.8%.

The resumption of the San Diego Fair in 2021, after last year's Covid-19 cancellation, and the reopening of grandstand seating at the Del Mar racetrack to full capacity, propelled a 174% recovery in the City's restaurant and hotel tax receipts that far exceeded the 48% statewide trend for the category.

This exceptional result also led to a 59% surge in revenue from the countywide

use tax pool, as this funding is allocated proportionately among local agencies based on cash receipts.

Measure Q tax proceeds increased 68.7%, a lower rate of growth than local sales tax, as this funding is less concentrated in the restaurant-hotel major industry group, the City's strongest performing economic sector compared to last year's pandemic lows.

Net of aberrations, taxable sales for all of San Diego County grew 18.2% over the comparable time period; the Southern California region was up 19.9%.



### TOP 25 PRODUCERS

- |                           |                             |
|---------------------------|-----------------------------|
| Americana                 | Monarch                     |
| Angels Feeds              | Pacifica Del Mar Restaurant |
| Beeside Balcony           | Poseidon On The Beach       |
| Brigantine                | Premier Food Services       |
| Del Mar Blue Print        | Rusty Surfboards Del Mar    |
| Del Mar Pizza & Pasta     | Sbicca                      |
| Del Mar Thoroughbred Club | Shinbashi Izakaya           |
| Dexters Deli              | Tamarindo                   |
| En Fuego Cantina & Grill  | Viewpoint Brewing           |
| Il Fornaio                | West Coast Feed             |
| Jakes Del Mar             | West Coast Weenies          |
| Jimmy Os                  |                             |
| L Auberge Del Mar         |                             |
| Mattress Firm             |                             |



## STATEWIDE RESULTS

Local one cent sales and use tax receipts for sales occurring July through September were 18% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These aberrations had been much greater than normal in the last two years as the Governor’s Executive Orders allowed businesses to defer some sales tax payments as a supportive measure during the pandemic. This program has now expired, and merchant remittances are more consistent, making cash receipts more reflective of underlying economic activity.

The prior year comparison quarter was the start of the pandemic recovery, and the strong growth enjoyed since continued with the recent results.

Surprisingly, one of the stronger sectors has been restaurants and hotels. Originally forecasted to take an extended amount of time to recover, statewide sales tax generated during the summer months exceeded amounts from pre-pandemic 2019. Even with the availability of indoor and outdoor dining, pent up demand resulted in long wait times to enjoy local culinary experiences. When combined with increasing restaurant tabs as the cost of food and staff wages surge, sales tax remittances are expected to continue growing. Additionally, while the industry awaits the return of foreign tourism in metropolitan areas, strong domestic travel has helped varied regions around the state especially Southern California and the Central Coast.

Receipts from general consumer goods marked a steady recovery, led by apparel retailers, jewelry, electronic/appliance and specialty outlets. Discount department stores, especially those selling gas, helped exemplify the strength of brick-and-mortar

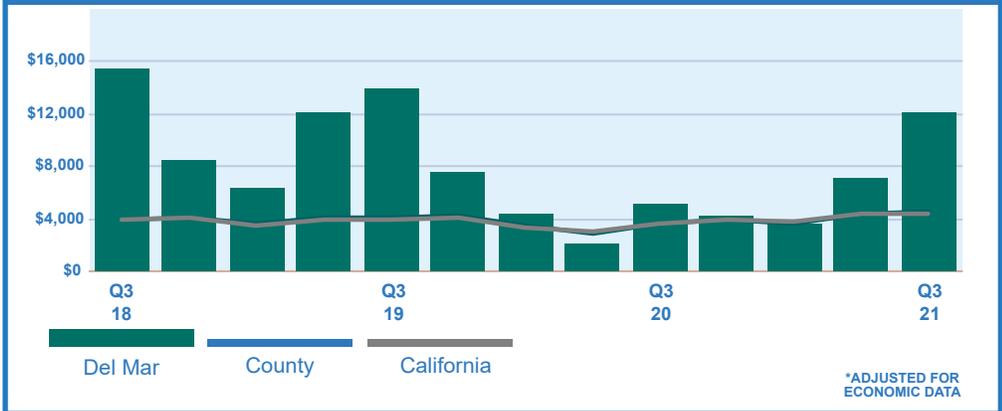
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome sign leading up to the holiday shopping period.

Although car dealers had expressed concerns about inventory shortages due to supply chain disruptions and computer chip shortages earlier in the year, the sale of new and used vehicles posted solid gains regardless. Higher property values and good weather contributed to strong building

materials and contractor returns. As commuting workers and travelers returned to the road with increased gas prices, fuel and service stations also experienced a dramatic recovery.

Overall growth is expected to continue through the end of the 2021 calendar year. Possible headwinds into 2022 include: pent up demand for travel and experiences shifting spending away from taxable goods; higher prices for fuel, merchandise and services displacing more of consumer’s disposable income; and expected interest rate hikes resulting in more costly financing for automobiles, homes, and consumer loans.

### SALES PER CAPITA\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Del Mar Business Type	Q3 '21	Change	County Change	HdL State Change
Casual Dining	180,729	121.8% ↑	66.9% ↑	68.4% ↑
Specialty Stores	17,022	29.4% ↑	18.2% ↑	21.4% ↑
Business Services	8,486	-1.3% ↓	26.4% ↑	23.8% ↑
Family Apparel	7,842	81.1% ↑	33.9% ↑	39.0% ↑
Women's Apparel	6,530	7.0% ↑	59.0% ↑	67.9% ↑
Non-Store Retailers	2,922	33.9% ↑	18.7% ↑	20.9% ↑
Jewelry Stores	1,547	121.5% ↑	43.8% ↑	38.0% ↑
Personal Service-No Liquor	451	23.9% ↑	41.9% ↑	38.1% ↑
Medical/Biotech	234	-37.9% ↓	5.5% ↑	7.9% ↑

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