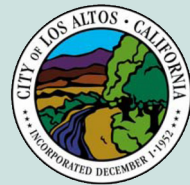


CITY OF LOS ALTOS

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



LOS ALTOS

TOTAL: \$ 710,463

28.0%
3Q2021



12.2%
COUNTY

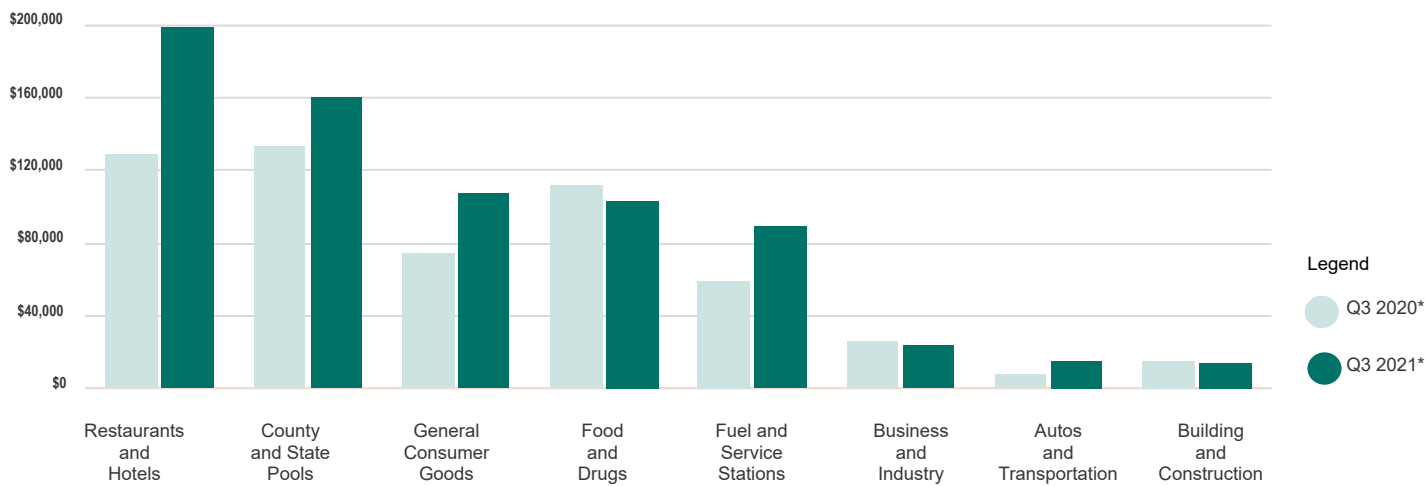


18.2%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF LOS ALTOS HIGHLIGHTS

Los Altos' receipts from July through September were 30.7% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 28.0%.

Classifications that rely heavily on walk in traffic to generate sales noticed a substantial improvement over the prior year. This evidence of pandemic recovery was most profound in restaurants-hotels; all segments within the group showed significant rebounds over 2020 third quarter tax filings. Overall, causal and fine dining were two of the top four taxpaying segments.

General consumer goods also bounced back into the win column; apparel, specialty and jewelry stores supplied much of this group's growth in tax revenue.

As the economy reopened, greater work

and leisure travel required purchases of more fuel; service station's 52% improvement also revealed higher per gallon prices.

The exceptionally large boost in receipts noted above from local merchants weighted in Los Altos' favor as the City's use tax allocation from the Santa Clara pool soared 20%.

Returns from food-drug store retailers declined; COVID based spending surges of last year adversely impacted comparisons.

Net of aberrations, taxable sales for all of Santa Clara County grew 12.2% over the comparable time period; the Bay Area was up 15.1%.



TOP 25 PRODUCERS

- Amber India Restaurant
- Arco AM PM
- Aurum
- BevMo
- Bicycle Outfitter
- Bluestone Lane
- Chef Chus
- Draegers Super Market
- El Camino 76
- Los Altos 76
- Los Altos Chevron
- Los Altos Grill
- Lucky Supermarket
- Main Street Chevron
- Powerflex Systems
- Rancho 76
- Rustic House
- Safeway
- Speedway Express
- State of Mind Public House & Pizzeria
- Steinway
- The Post
- Trader Joes
- Walgreens
- Whole Foods Market



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 TAX RATE BREAKDOWN

9.125%

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
Santa Clara County Transit District (SCCT)	0.5000%
Santa Clara County Valley Transportation Authority (SCVT)	0.5000%
Santa Clara County VTA BART Operating & Maintenance Transactions and Use Tax (SVTB)	0.1250%
Santa Clara County Retail Transactions and Use Tax (SCCR)	0.1250%
Silicon Valley Transportation Solutions Tax (SVTS)	0.5000%
Santa Clara County Joint Powers Transaction Tax (JPBT)	0.1250%

Tax Rate Effective July 01, 2021
9.1250%

TOP NON-CONFIDENTIAL BUSINESS TYPES

Los Altos Business Type	Q3 '21	Change	County Change	HdL State Change
Casual Dining	131,236	46.7% ↑	73.9% ↑	68.4% ↑
Service Stations	89,049	51.7% ↑	56.6% ↑	53.5% ↑
Grocery Stores	74,809	-7.7% ↓	0.3% ↑	-0.2% ↓
Fine Dining	31,865	93.8% ↑	84.9% ↑	84.4% ↑
Home Furnishings	19,891	11.5% ↑	24.5% ↑	11.0% ↑
Quick-Service Restaurants	17,725	53.3% ↑	16.9% ↑	13.5% ↑
Specialty Stores	14,065	55.3% ↑	32.0% ↑	21.4% ↑
Convenience Stores/Liquor	12,673	-15.4% ↓	-5.4% ↓	-0.2% ↓
Sporting Goods/Bike Stores	12,287	6.7% ↑	1.8% ↑	2.3% ↑
Fast-Casual Restaurants	9,898	17.8% ↑	20.2% ↑	18.8% ↑

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