

# Q1 2020



# City of Oxnard Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2020)

## Oxnard In Brief

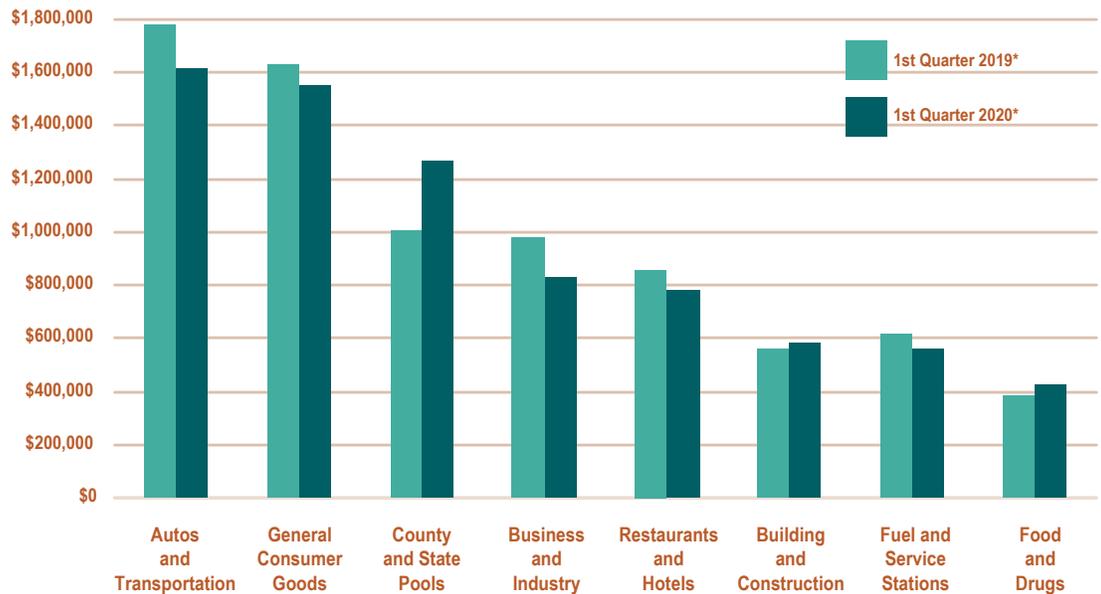
The City's allocation of sales and use tax from its January through March sales was 20.0% lower than the first quarter of 2019. However, part of the decrease was due to deferred payments related to the State's Covid-19 tax payer relief program. The actual decline was closer to 2.6% after these and other reporting anomalies are factored in.

Declines in most major categories were partially offset by a sharp rise in county pool receipts which is being generated by a shift to shopping over the internet as well as recent legislation that requires out-of-state retailers to collect and remit, local taxes. A solid quarter for discount department stores and some categories of agriculture and building-construction related sales further contributed to the offsets.

Voter approved Measure O added \$2,877,000 to the amounts discussed above and was 4.0% lower than last year's comparable quarter after factoring for payment deferrals and reporting anomalies. A rise in grocery and e-commerce purchases partially offset declines in most other categories.

Adjusted for deferred payments and accounting aberrations, sales and use tax receipts for all of Ventura County and the Southern California region as a whole, declined 4.1% over the comparable time period.

## SALES TAX BY MAJOR BUSINESS GROUP



\*Allocation aberrations have been adjusted to reflect sales activity

### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alexander GMC/Cadillac/Hyundai	Macvalley Oil Company
Best Buy	Mercedes Benz Of Oxnard
Carmax	Quinn CAT Company
Circle K	Sams Club
CNC Associates	Sysco Ventura
Colourpop Cosmetics	Target
Costco	Team Nissan
DCH Audi of Oxnard	Toyota Lease Trust
DCH Honda of Oxnard	Toyota of Oxnard
DCH Lexus of Oxnard	Vista Ford Lincoln Of Oxnard
Food 4 Less	Vons
Home Depot	Walmart Supercenter
Lowes	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2018-19	2019-20
Point-of-Sale	\$23,549,495	\$21,042,181
County Pool	3,386,757	3,955,847
State Pool	12,267	11,841
Gross Receipts	\$26,948,518	\$25,009,868
Cty/Cnty Share	(889,301)	(825,326)
Net Receipts	\$26,059,217	\$24,184,543
Measure O	\$11,777,916	\$10,774,815

**Statewide Results**

With stay at home/non-essential business restrictions in place during the last two weeks of the quarter, local one cent tax revenues for the state overall, were 18.8% lower than January to March of 2019. Taxpayer relief programs accounted for much of the decline with receipts down roughly 3.1% after factoring for payment deferrals and other accounting anomalies.

Severe drops in auto sales, general consumer goods, service stations and restaurants were largely offset by new revenue from implementation of the Wayfair v. South Dakota decision that now requires out-of-state retailers to collect and remit Californian's sales and use tax. Other offsets included a surge in online shopping that boosted receipts from the county use tax allocation pools and from online retailers who maintain and ship their inventory from within California.

The food/drug sector also showed strong gains as did many home supply, dollar and discount stores that remained open during the shutdown.

**New Challenges & Opportunities**

Current indicators suggest that overall tax receipts for the April thru June sales period will bottom out at 27% below the second quarter of 2019. The speed of the rebound in sales activity will be dependent on the availability of adequate testing, treatment therapies and ultimately a vaccine. Until then, physical distancing, COVID-19 protocols and supply chain disruptions will create limitations on some operating capacities and the return to work of all employees. Health fears, discounts and liquidation sales may also keep sales tax revenues below pre-pandemic levels until solutions are in place.

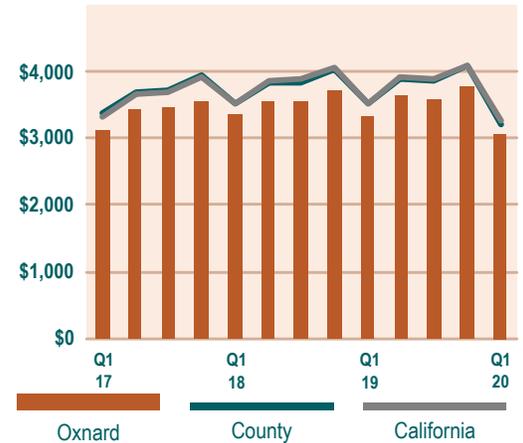
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

Over expansion, excessive debt and consumer shifts to online shopping were already resulting in bankruptcies with estimates of up to 25,000 brick-and-mortar store closings by the end of 2020. "Touch and feel" shopping is not going away but retailers see an evolution where in-store shopping is more leisure/recreational oriented with smaller stores offering more show-rooming and delivery/pick-up services. The smaller footprints and lifestyle emphasis offer opportunities to reinstate downtowns and neighborhood centers as economic/social gathering places.

The Pandemic's capture of new online customers and the growing trend of manufacturers and entrepreneurs with new concepts to bypass physical stores and sell directly to the consumer also expands options for agencies without large market populations to generate sales tax through industrial development.

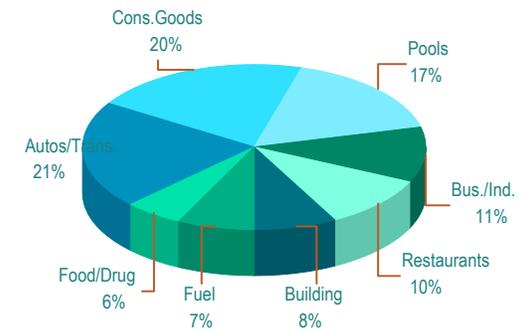
Finally, the Pandemic's disruption of supply chains has also accelerated growing dissatisfaction with overseas arrangements and some reshoring will occur which offers opportunities to leverage a city's existing business base to attract compatible support industries.

**SALES PER CAPITA\***



\*Allocation aberrations have been adjusted to reflect sales activity

**REVENUE BY BUSINESS GROUP  
Oxnard This Quarter\***



\*Allocation aberrations have been adjusted to reflect sales activity

**OXNARD TOP 15 BUSINESS TYPES\*\***

Business Type	*In thousands of dollars			
	Oxnard Q1 '20*	Change	County Change	HdL State Change
Auto Lease	137.3	2.2%	-1.2%	1.6%
Building Materials	405.9	2.8%	4.5%	3.0%
Casual Dining	320.6	-14.6%	-17.3%	-18.8%
Discount Dept Stores	788.1	8.8%	1.5%	3.2%
Drugs/Chemicals	120.3	-12.0%	6.3%	0.0%
Electronics/Appliance Stores	179.1	-23.8%	-18.7%	-18.0%
Family Apparel	115.8	-18.1%	-23.9%	-21.1%
Garden/Agricultural Supplies	127.8	7.2%	10.0%	12.0%
Grocery Stores	284.3	16.2%	15.0%	11.8%
Home Furnishings	153.2	-2.9%	-4.2%	-12.9%
New Motor Vehicle Dealers	978.9	-12.0%	-14.0%	-10.6%
Quick-Service Restaurants	356.7	-0.1%	-4.0%	-8.5%
Service Stations	447.3	-9.6%	-7.7%	-9.5%
Used Automotive Dealers	—	CONFIDENTIAL	-3.3%	-12.7%
Warehse/Farm/Const. Equip.	202.4	-2.7%	4.3%	4.3%
<b>Total All Accounts</b>	<b>6,352.9</b>	<b>-6.9%</b>	<b>-8.6%</b>	<b>-7.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>1,270.2</b>	<b>26.0%</b>	<b>27.2%</b>	<b>22.4%</b>
<b>Gross Receipts</b>	<b>7,623.1</b>	<b>-2.6%</b>	<b>-4.1%</b>	<b>-3.0%</b>

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