

Q2 2020



City of Oxnard Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

Oxnard In Brief

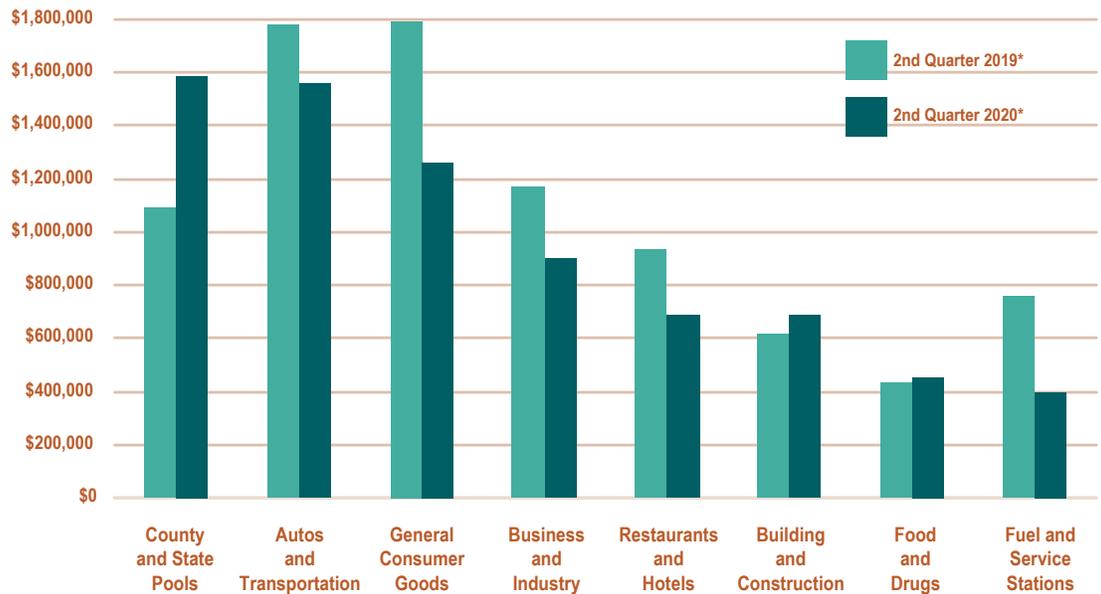
Oxnard's allocation of sales and use tax from its April through June sales was 0.4% higher than the second quarter of 2019 but was inflated by previously deferred payments allowed under the State's Covid-19 relief programs. Receipts were down 12.3% after factoring for these and other anomalies.

An acceleration in shopping over the internet boosted receipts from the countywide use tax pool where taxes on out-of-state goods are placed and helped partially offset declines in most other segments except the food-drug and building-construction groups. Oxnard's share of the pool this quarter was 23.1% and slightly higher than the year before.

Voter approved Measure O added \$3,377,584 to that described above but was 11.4% lower than last year's comparable quarter after back payments are factored out. A strong quarter for online retailers, building materials and some food and drug categories offset declines in most other segments.

Adjusted for back payments and other reporting aberrations, sales and use tax receipts for all of Ventura County declined 16.0% from the second quarter of 2019 while the Southern California region as a whole, was down 18.0%.

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
Carmax	Mercedes Benz Of Oxnard
CNC Associates	Quinn CAT Company
Coastline Equipment	Sams Club
Costco	Sysco Ventura
Crop Production Services	Target
DCH Audi of Oxnard	Team Nissan
DCH Honda of Oxnard	Toyota Lease Trust
DCH Lexus of Oxnard	Toyota of Oxnard
Diamond A Equipment	Vista Ford Lincoln Of Oxnard
Food 4 Less	Vons
Home Depot	Walmart
Lowes	Supercenter

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2018-19	2019-20
Point-of-Sale	\$30,853,557	\$27,741,491
County Pool	4,407,660	5,612,157
State Pool	15,389	14,496
Gross Receipts	\$35,276,606	\$33,368,144
Cty/Cnty Share	(1,164,128)	(1,101,149)
Net Receipts	\$34,112,478	\$32,266,995
Measure O	\$15,550,401	\$14,509,203

Statewide Results

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

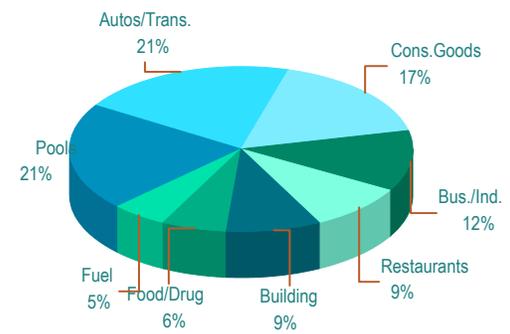
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

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 Q2 '20*	Change	County Change	HdL State Change
Auto Lease	126.2	-6.7%	-10.0%	-9.2%
Automotive Supply Stores	102.5	1.0%	-5.3%	-4.7%
Building Materials	501.9	17.1%	9.7%	7.0%
Casual Dining	231.0	-43.6%	-43.8%	-53.2%
Contractors	120.7	-2.0%	-18.7%	-12.2%
Discount Dept Stores	741.8	-6.1%	-14.1%	-6.3%
Electronics/Appliance Stores	116.8	-50.5%	-48.3%	-50.8%
Garden/Agricultural Supplies	135.1	-22.3%	-2.9%	5.6%
Grocery Stores	282.6	-1.7%	11.3%	7.8%
New Motor Vehicle Dealers	1,030.6	-8.1%	-10.6%	-15.8%
Quick-Service Restaurants	365.2	-4.6%	-13.6%	-22.0%
Repair Shop/Equip. Rentals	111.9	-31.5%	-23.6%	-13.2%
Service Stations	314.8	-47.7%	-49.8%	-45.2%
Used Automotive Dealers	—	CONFIDENTIAL	-6.8%	-20.6%
Warehse/Farm/Const. Equip.	249.3	-8.6%	-7.7%	-4.6%
Total All Accounts	5,944.1	-20.6%	-24.2%	-24.0%
County & State Pool Allocation	1,586.1	45.0%	39.5%	28.2%
Gross Receipts	7,530.2	-12.3%	-16.0%	-16.4%

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