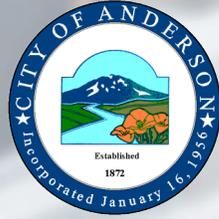


Q2 2020



City of Anderson Sales Tax Update

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

Anderson In Brief

Anderson's receipts from April through June were 3.2% above the second sales period in 2019. Excluding reporting aberrations, actual sales were down 2.9%.

Second quarter 2020 was the economic bottoming out from the COVID-19 pandemic. The lower prices and fewer vehicle trips caused service stations to drop 33%. Capacity limits had a profound negative impact on casual dining, but quick-service results were only down 5.3%; the restaurant/hotel category posted a decline 21%, performing much better than the statewide decline of 45%.

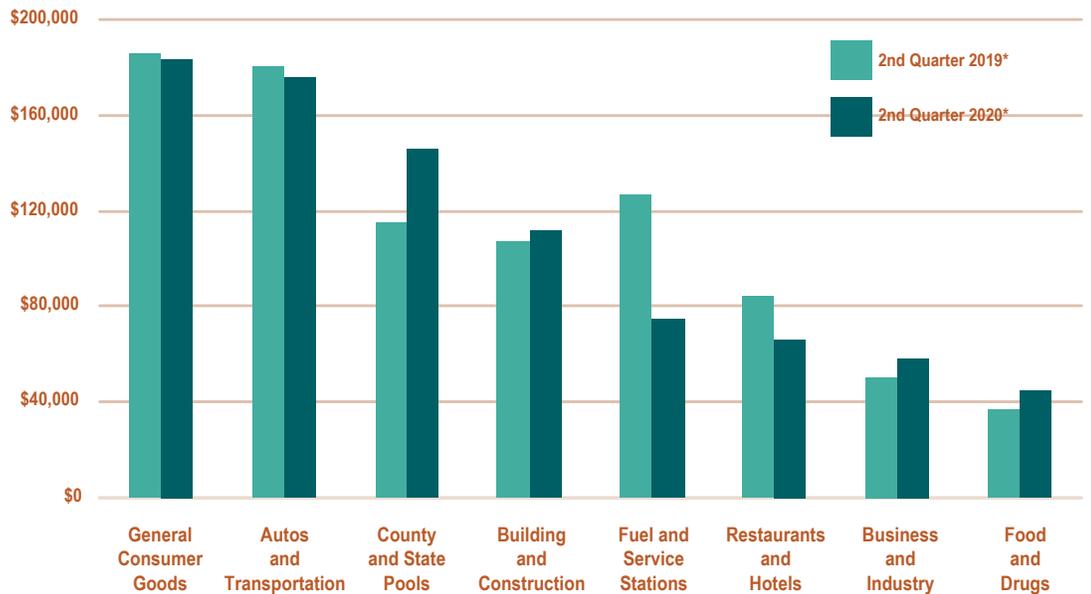
Several of the industry groups had big gains and big declines; building material stores grew 17.7 while contractors declined 25%, leading to a 4% increase in building/construction.

An increase in online sales generated gains of 26% in the City's pool allocation which helped to mitigate the point of sale losses and created the overall positive results for the quarter.

The voter approved transaction tax, Measure A, generated \$439,968, posting gains of 1.6%.

Net of aberrations, taxable sales for all of Shasta County declined 5.0% over the comparable time period; the Far North region was down 4.4%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware Express	Norcal Kenworth Anderson
Advanced Auto Wholesale	O'Reilly Auto Parts
Arco AM PM	Outdoor Creations
Beacon w/Mikes Food & Fuel	Payless Building Supply
Boot Barn	Rite Aid
Camping World RV	Safeway
Chevron	Safeway Fuel
Fasteners	Sonic
Gander RV	Systems Plus Lumber
Handspot Market	T & S DVBE
Les Schwab Tire Center	Taco Bell
McDonalds	Tractor Supply
	Walmart Supercenter

REVENUE COMPARISON

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

	2018-19	2019-20
Point-of-Sale	\$3,035,457	\$2,744,999
County Pool	425,490	496,694
State Pool	1,505	1,416
Gross Receipts	\$3,462,452	\$3,243,109
Measure A	\$1,719,209	\$1,695,026

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.

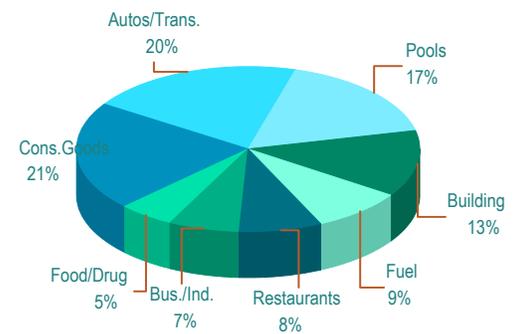
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected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

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Anderson This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

ANDERSON TOP 15 BUSINESS TYPES**

Business Type	Anderson		County	HdL State
	Q2 '20	Change	Change	Change
Automotive Supply Stores	26,343	9.8%	0.6%	-4.7%
Building Materials	84,988	17.7%	23.5%	7.0%
Casual Dining	15,869	-38.4%	-34.2%	-53.2%
Contractors	25,480	-25.0%	-7.3%	-12.1%
Discount Dept Stores	— CONFIDENTIAL —	—	9.7%	-6.3%
Drug Stores	— CONFIDENTIAL —	—	11.0%	0.1%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	21.3%	3.5%
Grocery Stores	— CONFIDENTIAL —	—	16.0%	7.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	4.0%	-15.8%
Quick-Service Restaurants	45,706	-5.3%	-9.5%	-22.0%
Service Stations	74,344	-37.9%	-38.3%	-45.2%
Shoe Stores	— CONFIDENTIAL —	—	-33.7%	-59.2%
Trailers/RVs	108,198	10.6%	11.3%	6.9%
Used Automotive Dealers	— CONFIDENTIAL —	—	-2.1%	-20.6%
Warehse/Farm/Const. Equip.	— CONFIDENTIAL —	—	-29.0%	-2.0%
Total All Accounts	715,101	-7.3%	-9.2%	-24.0%
County & State Pool Allocation	145,326	26.3%	22.3%	28.9%
Gross Receipts	860,427	-2.9%	-5.0%	-16.3%

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