

# CITY OF HEALDSBURG

## SALES TAX UPDATE

### 3Q 2020 (JULY - SEPTEMBER)



**HEALDSBURG**  
TOTAL: \$ 1,184,301

-6.3%  
3Q2020



-1.6%  
COUNTY

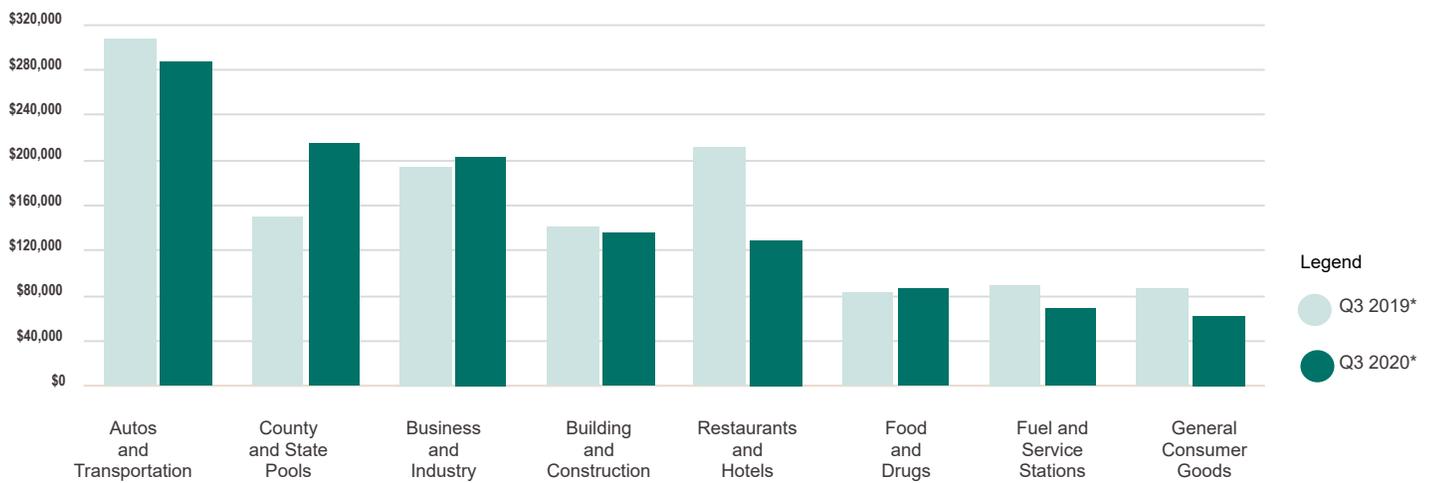


-0.9%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



**Measure V**  
TOTAL: \$546,776  
↓ -4.8%



### CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's receipts from July through September were 2.2% above the third sales period in 2019. Excluding late/deferred payments and other reporting adjustments, actual receipts for the period were down 6.3%.

The ongoing effects of the pandemic kept travelers away in large enough numbers that most business segments reported declines. Only the food-drug outlets selling ingredients for home cooked meals and the uptick in winery sales, which reflect in the reported total of the business and industry segment, showed an increase this quarter.

Fortunately, the county use tax pool continues to see a surge in new tax dollars

from both AB147 and the general increase in online sales activity that began when the stay at home orders first took effect. The resulting 47% increase in the size of the pool led to an increase of almost \$63,500 in the City's allocation. This cut the decline in total sales tax receipts from 13% to 6% overall.

Measure V generated \$574,634 this quarter. After removing the effects of late payments and other reporting issues, Measure V's results were 4.8% lower than at this time last year. Spending for general consumer goods, construction, and autos rose while all other business segments saw declines.



### TOP 25 PRODUCERS

- |                                |                                  |
|--------------------------------|----------------------------------|
| Big Johns Market               | Penrose Hill                     |
| Campo Fina                     | Rite Aid                         |
| Carlsen & Associates           | Rotten Robbie                    |
| Central Valley Builders Supply | Safeway                          |
| Criveller California           | Sanderson Ford                   |
| E & M Electric & Machinery     | Silveira Buick/GMC               |
| Garrett Hardware & Plumbing    | Silver Oak Cellars               |
| Healdsburg Chevron & Carwash   | Singlethread Farm                |
| Healdsburg Lumber              | Restaurant Inn                   |
| Jerrys Valero                  | Syar Industries                  |
| McConel Chevrolet              | Westtec Tank & Equipment Company |
| Chrysler Dodge Jeep            | Wilbur Ellis                     |
| Opperman & Son                 | Williamson Wines                 |
|                                | Willi's Seafood & Raw Bar        |



**STATEWIDE RESULTS**

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last

year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

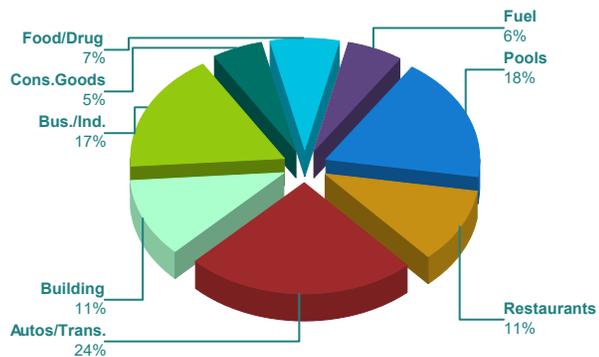
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up

of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

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



\*ADJUSTED FOR ECONOMIC DATA

**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Healdsburg Business Type	Q3 '20	Change	County Change	HdL State Change
Building Materials	110,281	1.0% ↑	1.9% ↑	16.4% ↑
Wineries	91,935	26.7% ↑	36.3% ↑	-3.2% ↓
Service Stations	68,613	-23.5% ↓	-27.6% ↓	-29.0% ↓
Casual Dining	61,408	-39.5% ↓	-33.2% ↓	-37.9% ↓
Grocery Stores	47,629	-3.4% ↓	6.7% ↑	7.1% ↑
Food Service Equip./Supplies	28,556	-0.2% ↓	-5.7% ↓	-16.7% ↓
Fine Dining	25,884	-50.4% ↓	-43.8% ↓	-51.2% ↓
Heavy Industrial	23,409	-1.4% ↓	-3.0% ↓	-9.4% ↓
Contractors	21,915	-21.9% ↓	-12.1% ↓	-5.7% ↓
Automotive Supply Stores	16,923	5.7% ↑	3.0% ↑	5.6% ↑

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