

RANCHO SANTA MARGARITA

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



RANCHO SANTA MARGARITA

TOTAL: \$ 2,075,571

26.4%

2Q2021



37.6%

COUNTY



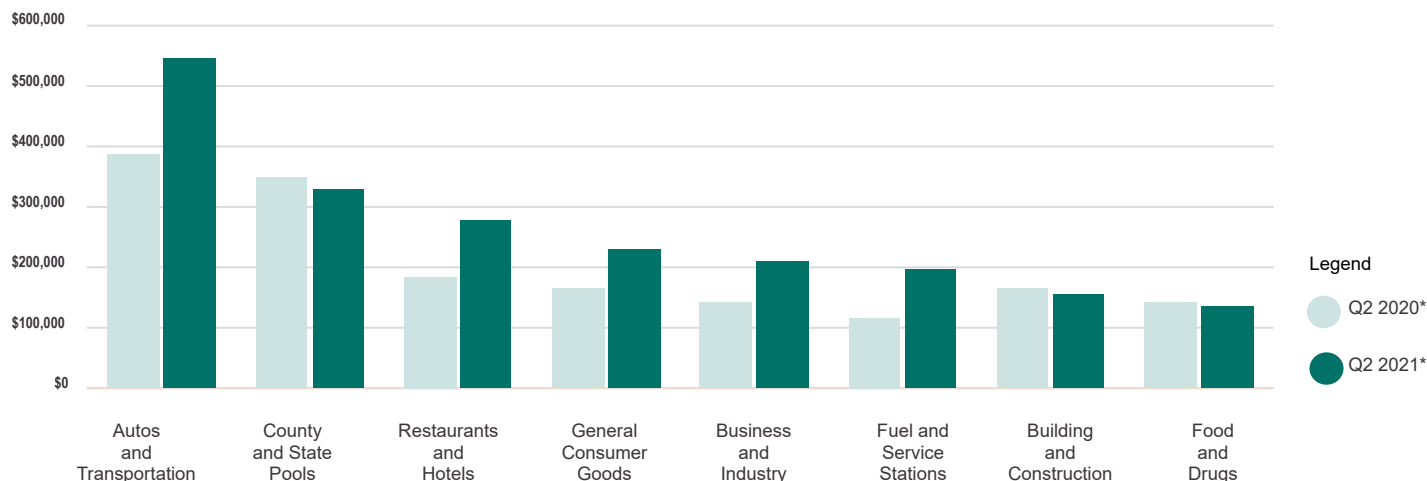
37.3%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



RANCHO SANTA MARGARITA HIGHLIGHTS

Rancho Santa Margarita's receipts from April through June were 22.4% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 26.4%.

The City's local economy began to emerge from COVID-19 as consumers slowly began to return to in-person activities.

Automotive supply stores experienced positive returns as well as service stations given higher prices at the pump and consumer commuting back to the office.

Consumers began to dine out again, and casual dining and fast casual restaurant activity increased. Receipts from family apparel, medical/biotech, food service, electrical equipment, and light and heavy industrial/printers were also up.

Negative results from the state and county pools and building and construction combined to offset the overall gain.

Net of aberrations, taxable sales for all of Orange County grew 37.6% over the comparable time period; the Southern California region was up 40.3%.



TOP 25 PRODUCERS

Applied Medical Distribution
Arco AM PM
BevMo
BJ's Restaurant
Carmelitas
Chevron
Circle K
Denault Commercial Supply
Hannas Restaurants & Bar
In N Out Burger
Kohls
Lowes
McDonalds
Pavilions
Ralphs Fresh Fare
Rancho Santa Margarita
Honda
Ross

Santa Margarita Ford
Santa Margarita Toyota
Shell
Target
Trader Joes
Tutto Fresco
Walmart Neighborhood Market
Wood Ranch BBQ & Grill



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

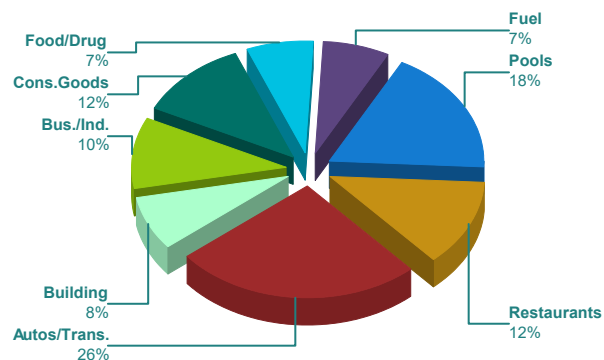
As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.

REVENUE BY BUSINESS GROUP

Rancho Santa Margarita This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Rancho Santa Margarita Business Type	Q2 '21*	Change	County Change	HdL State Change
Service Stations	198.3	70.4% ↑	82.1% ↑	73.9% ↑
Casual Dining	120.9	79.4% ↑	134.3% ↑	130.4% ↑
Medical/Biotech	94.0	37.3% ↑	27.2% ↑	23.6% ↑
Grocery Stores	90.6	-7.3% ↓	-3.5% ↓	-0.9% ↓
Quick-Service Restaurants	67.0	11.3% ↑	26.3% ↑	28.8% ↑
Fast-Casual Restaurants	50.6	32.2% ↑	37.8% ↑	43.6% ↑
Specialty Stores	39.8	76.1% ↑	64.5% ↑	67.7% ↑
Auto Lease	35.0	7.9% ↑	2.6% ↑	3.3% ↑
Light Industrial/Printers	27.3	20.6% ↑	14.8% ↑	19.6% ↑
Convenience Stores/Liquor	23.5	8.4% ↑	3.9% ↑	7.2% ↑

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*In thousands of dollars