Beverly Hills’ receipts from October through December were 7.5% above the fourth sales period in 2019. Excluding reporting aberrations, actual sales were up 0.3%.

The City received a substantial allocation from a one-time transaction that was a major factor in the overall improvement despite the difficult Covid-19 economic environment. This unusual cash infusion additionally boosted the City’s share of funding from the countywide use tax pool, since that revenue is allocated among local agencies based on proportional tax receipts. The use-tax pool has also benefited from a recent legislative change that has expanded the number of internet purchases subject to taxation and as consumers have preferred online shopping during the epidemic.

Conversely, family apparel, women’s apparel, jewelry, and other general consumer goods retailers were depressed as many shoppers chose to buy online rather than visit physical stores amid contagion fears and capacity restrictions during the health crisis.

Restaurant and hotel receipts fell 64% as the Governor’s December regional stay-at-home order prohibited on-site dining for a second time while tourism and many leisure activities were also curtailed by the pandemic.

Net of aberrations, taxable sales for all of Los Angeles County declined 7.7% over the comparable time period; the Southern California region was down 2.7%.
STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County’s Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom’s second ‘shelter at home’ directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor’s executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

The building-construction sector, with 1) increased price of goods – like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.