

CITY OF FORTUNA

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



FORTUNA

TOTAL: \$ 586,955

-0.5%

4Q2021



-2.5%

COUNTY



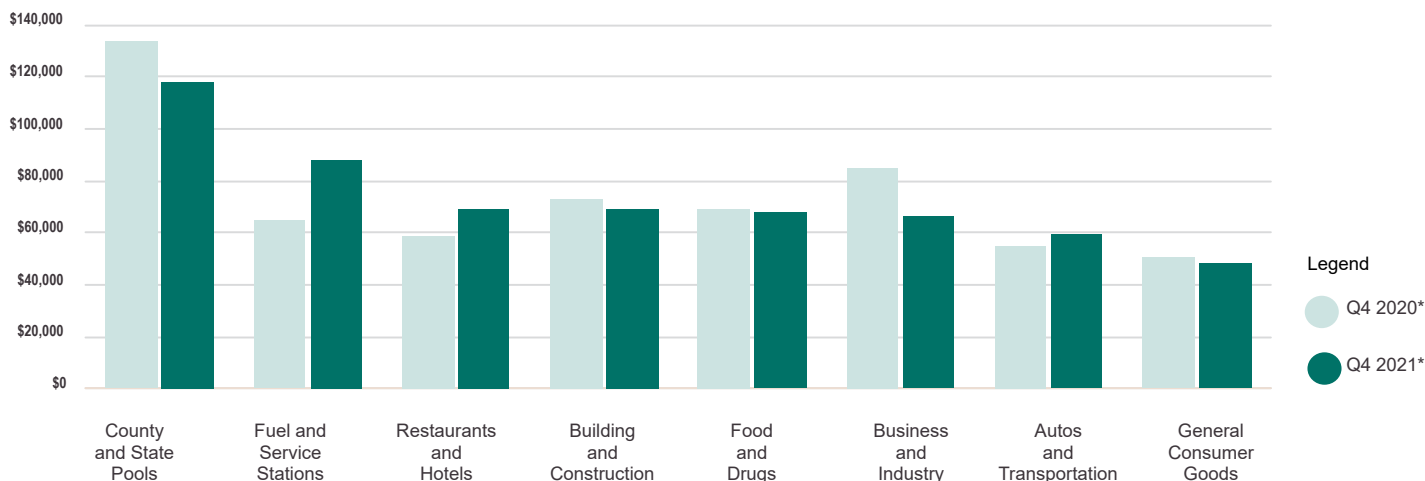
15.6%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure E

TOTAL: \$498,243



-1.0%



CITY OF FORTUNA HIGHLIGHTS

Fortuna's receipts from October through December were 5.6% above the fourth sales period in 2020. Excluding late/deferred payments and other reporting adjustments, receipts for the period were down 0.5%.

Local businesses posted an overall increase of 2.8% this period but changes in the use tax pool reporting and a drop in online sales cut the City's allocation by more than \$15,000 and this pushed total receipts lower. The business and industry group's sales were lower compared to this time last year when federal stimulus funds were boosting retail sales.

On a positive note, restaurant and gas

station receipts both posted their 4th consecutive quarter of double-digit gains.

Measure E's results were also lower as spending on transportation needs dipped this period along with those from the construction group. Material prices declined for most of the quarter before lumber prices began to rise sharply at the end of the quarter.

Net of adjustments, taxable sales for all of Humboldt County declined 2.5% over the comparable time period while those of the Far North region were up 2.8%.



TOP 25 PRODUCERS

Ace Hardware & Garden	Rite Aid
Beverage Plus Foods	Safeway
Cigarette Payless	Sequoia Gas
Dollar General	Sunbelt Rentals
Eel River Brewing	Tractor Supply
Forbusco Lumber	Valley Pacific Petroleum Services
Fortuna Chevron	Village Sport & Cycle
Fortuna Gas 4 Less	Walgreens
Grocery Outlet	Wyckoff Plumbing
Hummel Tire & Wheel	
Les Schwab Tire Center	
McDonalds	
Mercer Fraser	
O'Reilly Auto Parts	
Peterson Tractor	
Ray's Quality Cars	



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of October through December were 15% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women's apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

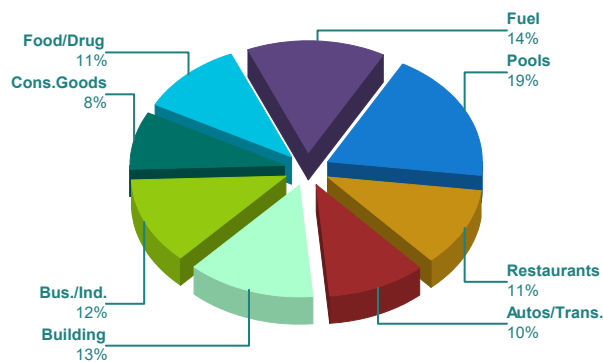
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State's history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia's war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

REVENUE BY BUSINESS GROUP Fortuna This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Fortuna Business Type	Q4 '21	Change	County Change	HdL State Change
Service Stations	73,525	20.0% ↑	20.5% ↑	53.8% ↑
Casual Dining	42,833	22.5% ↑	29.8% ↑	66.4% ↑
Automotive Supply Stores	32,310	1.9% ↑	1.2% ↑	10.5% ↑
Garden/Agricultural Supplies	26,597	-14.8% ↓	-29.0% ↓	5.7% ↑
Quick-Service Restaurants	24,288	3.6% ↑	3.0% ↑	12.1% ↑
Contractors	22,109	-4.4% ↓	-16.0% ↓	5.3% ↑
Electronics/Appliance Stores	17,119	-8.3% ↓	-4.2% ↓	8.4% ↑
Convenience Stores/Liquor	15,587	-3.2% ↓	-1.5% ↓	2.1% ↑
Auto Repair Shops	12,239	2.1% ↑	1.2% ↑	18.5% ↑
Specialty Stores	2,727	22.0% ↑	4.0% ↑	18.7% ↑

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