Culver City’s receipts from April through June were 66.8% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 60.3% compared to the pandemic bottom last year. Overall, revenue was $688,000, or 13.0% higher than two years ago, in the second quarter of 2019, before the Covid-19 crisis began.

The primary contributor to this improvement was a $408,000, or 55%, increase in allocations from the Los Angeles countywide use-tax pool after the Wayfair/AB147 legislative change in 2019.

Auto-transportation receipts were also $274,000, or 60%, higher than 2Q19. The recent opening of a new firm in Culver City helped to lift proceeds from industrial suppliers by $103,000, or 34%.

Restaurant-hotel payments were still $97,000, or 12% lower than 2Q19, however, as the industry struggled to overcome the impacts of the surging Delta variant.

Net of aberrations, taxable sales for all of Los Angeles County grew 40.9% over last year and 9.6% higher than 2Q19; the Southern California region was up 40.3% versus last year and 15.6% higher than 2Q19.
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.