



# Economic Indicators – Sales Tax Revenue

Prepared for the Economic Development & Finance Committee

July 13, 2021



# Introduction

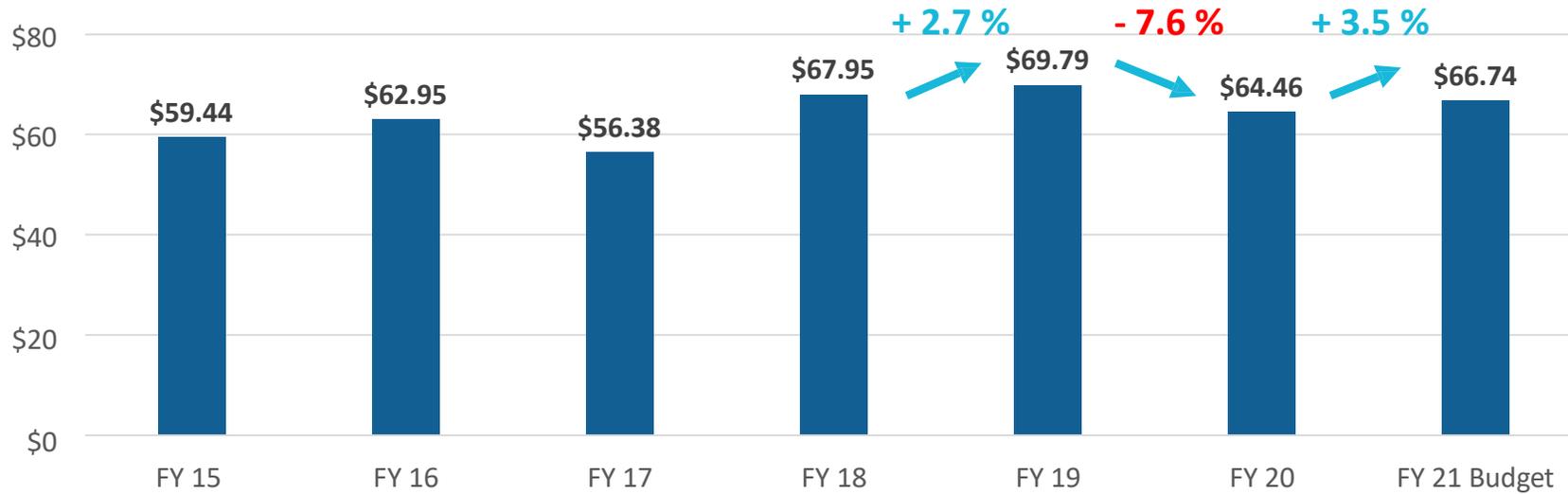
The City's Economic Development & Finance Committee has in the past received reports regarding local economic indicators. Today's presentation will focus on the following indicators:

- Citywide sales tax revenue
- Sales tax revenue comparisons (i.e., local, County, State)
- Sales tax surplus/gap comparison by retail categories
- Sales tax revenue by major industry groups
- Overview of AB147 – Marketplace Facilitator Act

ED&F Committee may also request additional economic indicators that are reported by staff in future meetings.

# Sales Tax Revenue by Fiscal Year

Citywide Sales Tax Revenue  
(in millions)



# Sales Tax Revenue Comparisons

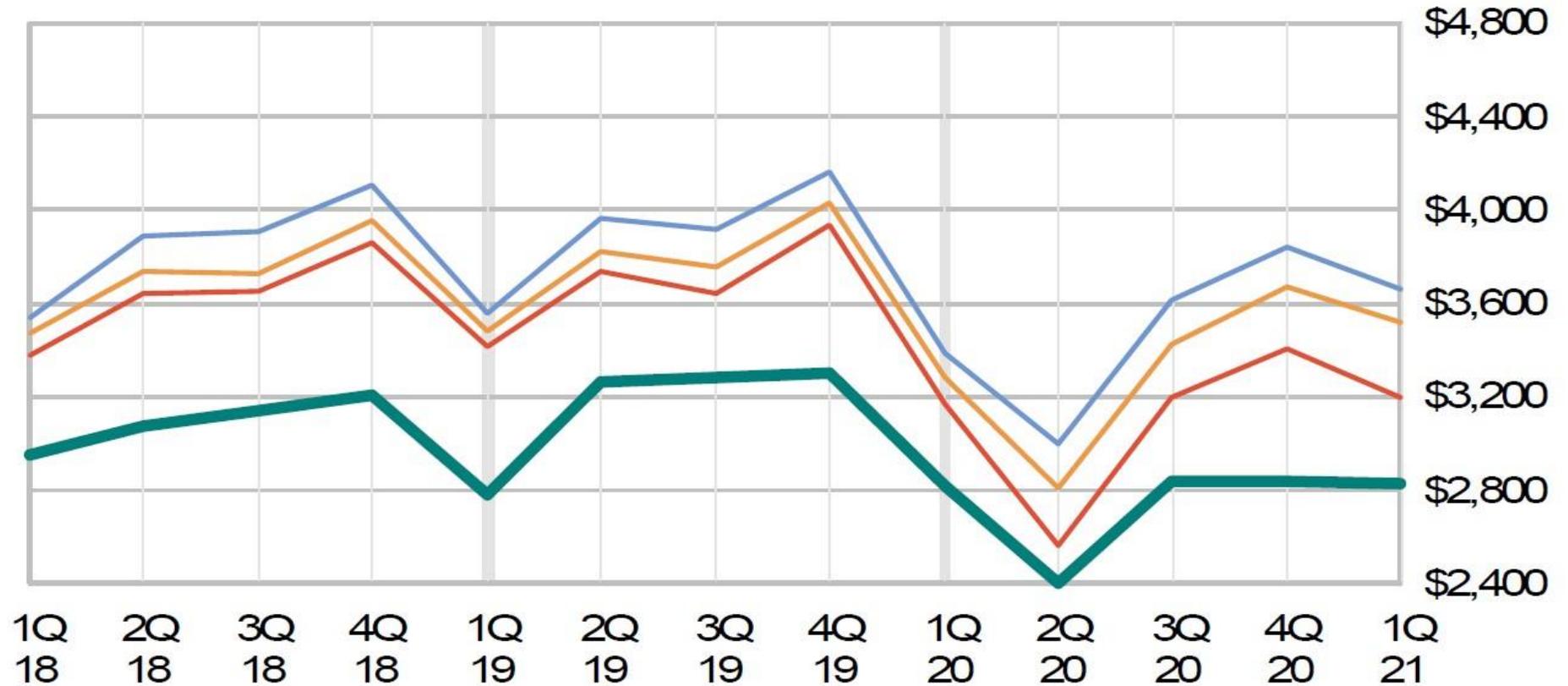
Per Capita Sales

Long Beach

Los Angeles County

Southern California

California

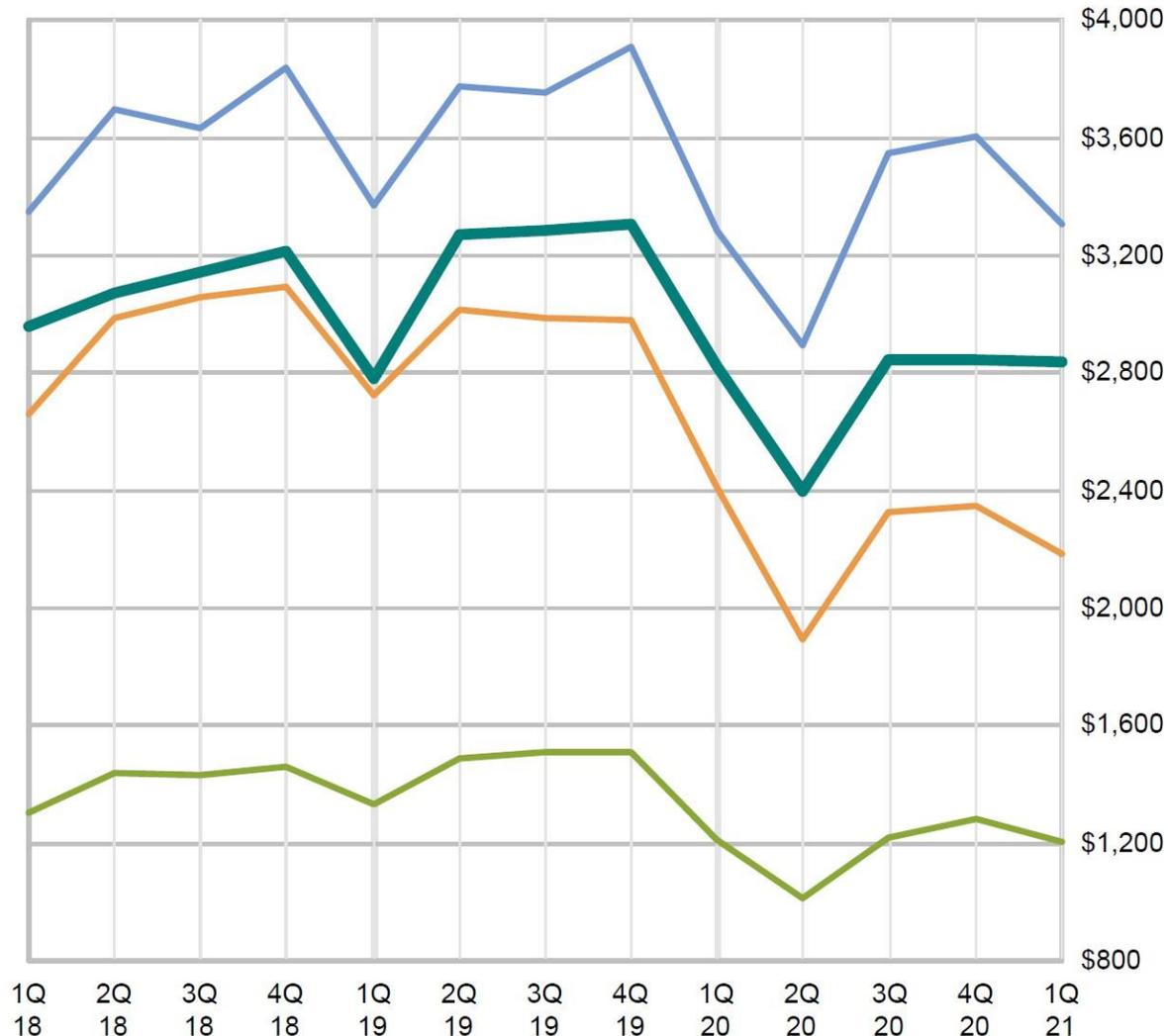


Source: HdL Companies

# Sales Tax Revenue Comparisons

Per Capita Sales

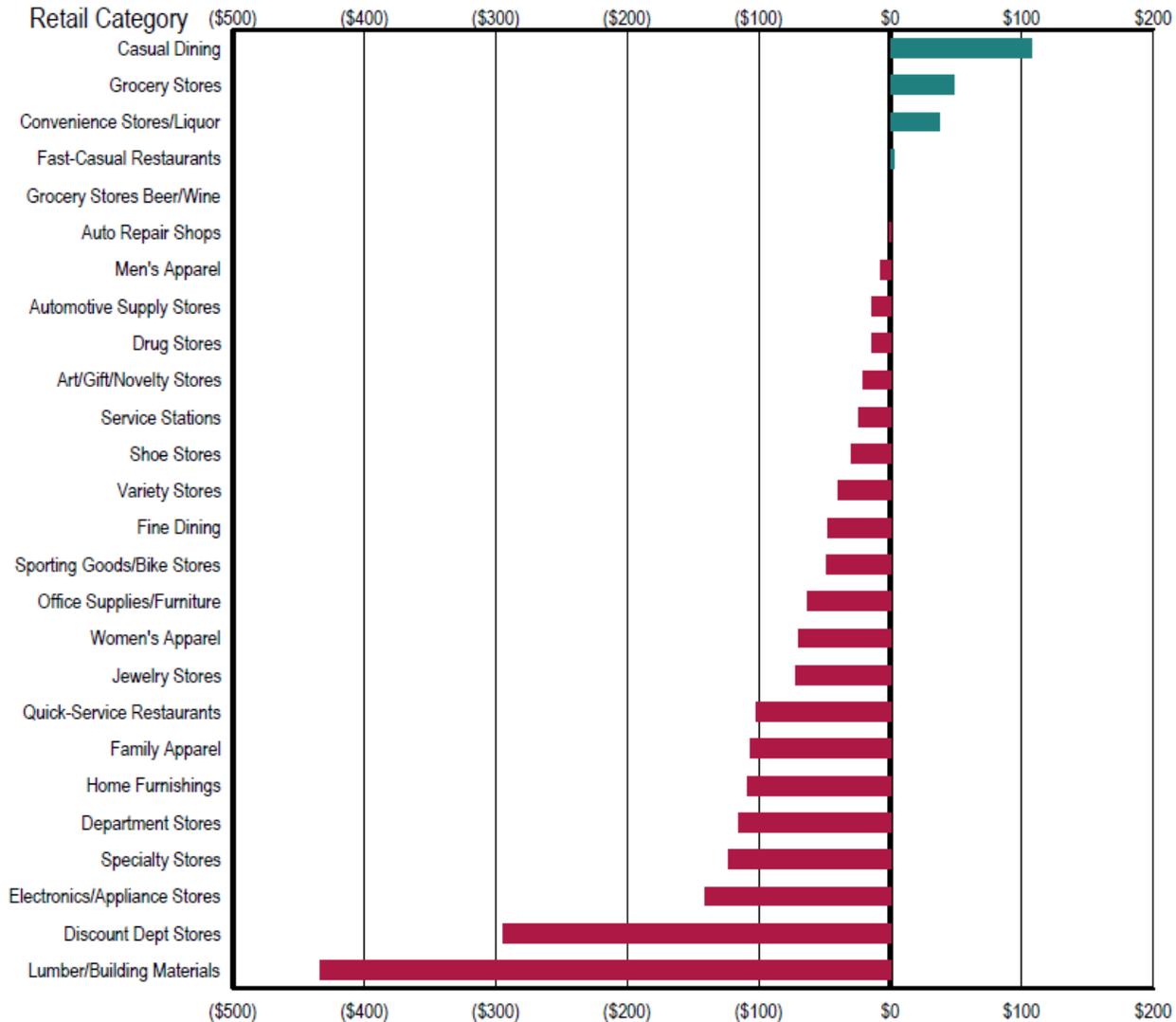
<b>Long Beach</b>	Count: 14,838
<b>Sacramento</b>	Count: 17,239
<b>Oakland</b>	Count: 14,217
<b>Los Angeles Co. Uninc</b>	Count: 24,880



Source: HdL Companies

- Long Beach has historically performed stronger than Oakland and Unincorporated L.A. County
- Long Beach continues to underperform compared to Sacramento
- Long Beach's per capita sales tax revenue have stabilized over the last three quarters while the other three areas are currently declining

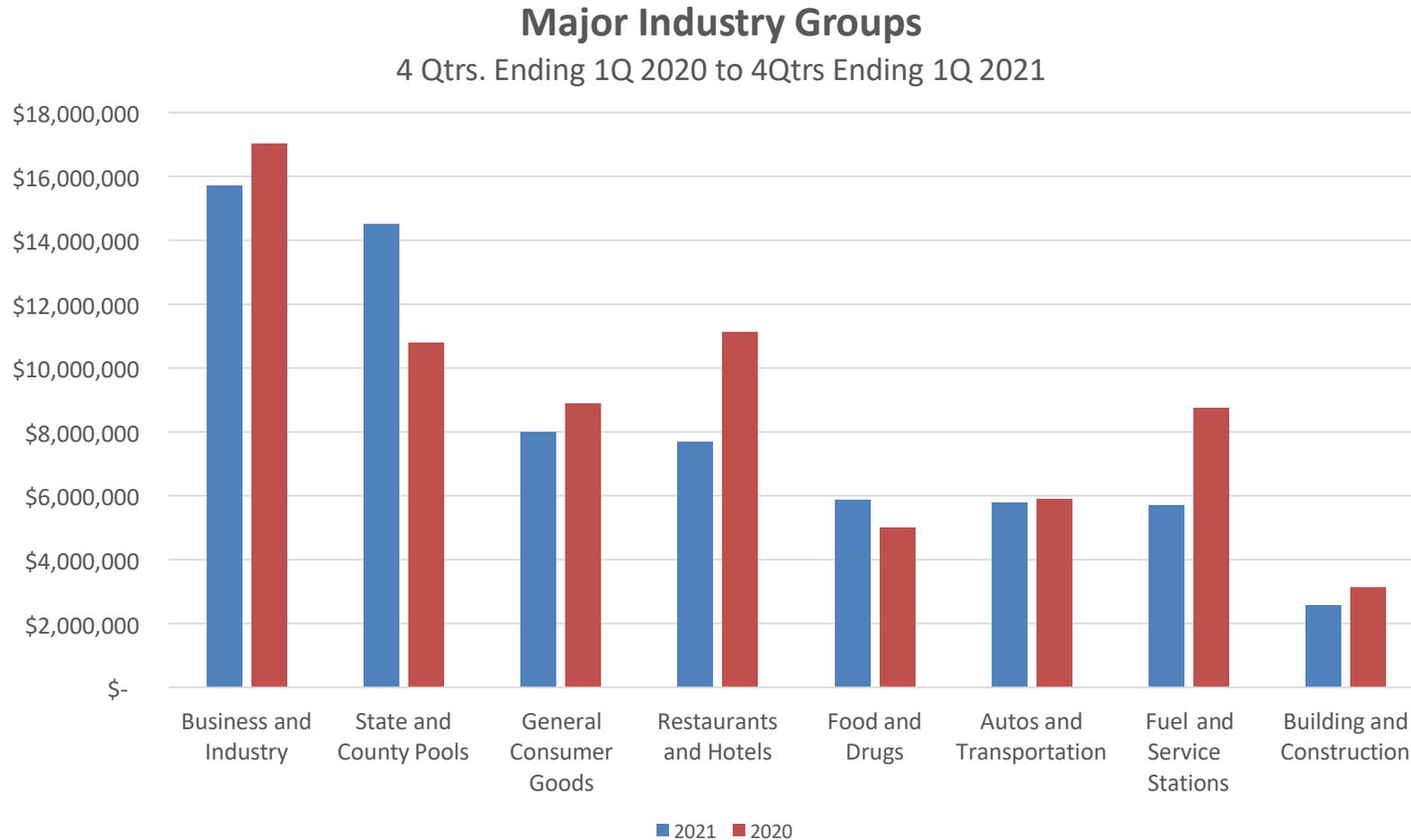
# Per Capita Sales Tax Surplus/Gap Comparison



- Data is for four (4) quarters ending 1Q 2021
- Long Beach has a surplus in:
  - Casual dining
  - Grocery stores
  - Convenience stores/liquor stores
  - Fast-casual restaurants
- Largest gaps in:
  - Lumber/building materials
  - Discount department stores
  - Electronics/appliance stores
- Next steps:
  - Compare 1Q 2021 vs 1Q 2020 data to understand changes over time

Source: HdL Companies

# Major Industry Groups – 2020 vs. 2021



- Only a few industry groups experienced an increase:
  - State and County Pools **(+34 %)**
  - Food and Drugs **(+17%)**
- Restaurants and Hotels industry group decreased by **31%**
- Fuel and Service Stations group decreased by **35%**
- Business and Industry group decreased by **8%**

Source: HdL Companies

# Growing State and County Pools – Marketplace Facilitators

- Per City’s FY20 Year-End Budget Performance Report, increase in growth is due in part to AB 147 as well as a boost in online sales due to the transition to online shopping from the pandemic.
- **What is AB 147 – Marketplace Facilitator Act?**
  - Assembly Bill 147 required out-of-state retailers meeting specific requirements to collect and remit California’s sales, use and transactions taxes effective April 1, 2019; however, marketplace facilitators were not required to begin reporting until October 1, 2019.
  - Effective October 1, 2019, “Marketplace Facilitators” will be required to collect and remit taxes for the out-of-state sellers who contract with them directly or indirectly for each sale facilitated.
  - A Marketplace Facilitator is any business that provides any of the following to out-of-state retailers: payment processing services, fulfillment or storage services, lists products for sale, sets prices, takes orders, provides customer service or assists with returns or exchanges.

*Source: HdL Companies*

# Growing State and County Pools – Marketplace Facilitators

## California Fiscal Impact

### AB 147 Marketplace Facilitator Act (4Q19 – 3Q20)

Taxable Sales	26 Billion
Statewide Sales & Use Tax (7.25%)	\$1.9 Billion
State General Fund (3.9375%)	\$1.02 Billion
County Public Safety (0.5%)	\$130 Million
County Realignment (1.5625%)	\$405 Million
Local Jurisdiction (1%)	\$260 Million
Local Transportation Fund (0.25%)	\$65 Million

*data is rounded*

Source: HdL Companies, January 2021 Issue Update

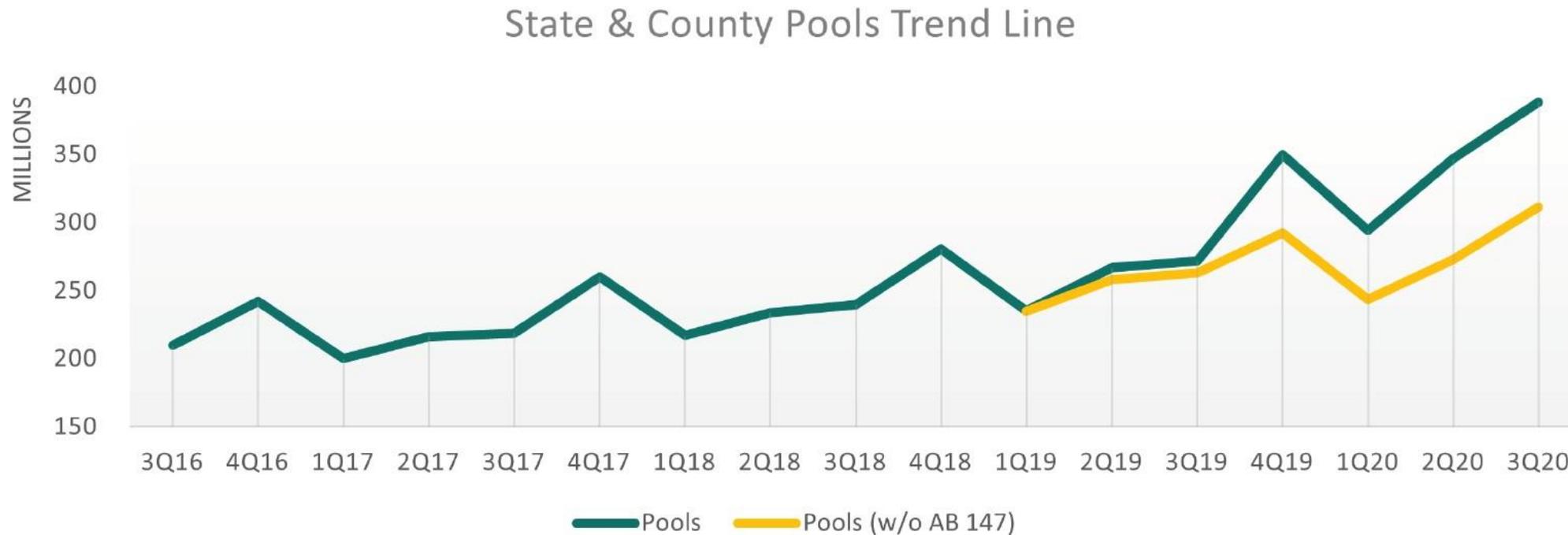
HdL estimates over \$26 billion in taxable sales have been reported in California through new AB 147 accounts generating nearly \$1.9 billion in statewide sales and use tax revenue.

COVID-19 restrictions further boosted sales from remote sellers and marketplace facilitators which partially mitigated statewide declines in retail spending resulting from the pandemic crisis.

#### Examples of AB147 Taxpayers:

- Amazon
- Etsy
- Alibaba

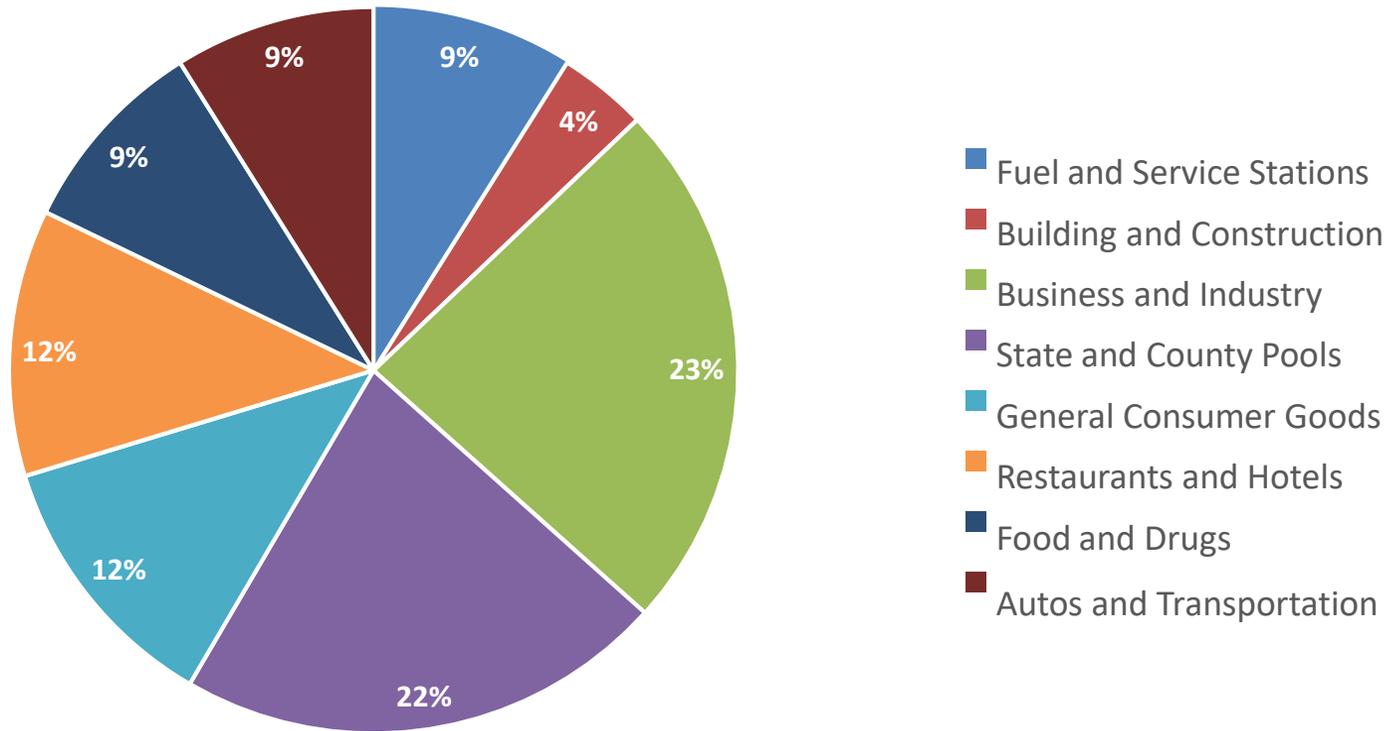
# Growing State and County Pools – Marketplace Facilitators



Source: HdL Companies, January 2021 Issue Update

# Sales Tax Revenue Comparisons – Major Industry Groups

Major Industry Groups  
4 Qtrs. Ending 1Q 2021



- **Top five industry groups:**

1. Business and Industry
2. State and County Pools
3. General Consumer Goods
4. Restaurants and Hotels
5. Food and Drugs

Source: HdL Companies

# Future Economic Indicators Reports

- Are there specific indicators the ED&F Committee would like staff to report on in future meetings?
- Examples include:
  - Unemployment rates
  - Commercial vacancy rates
  - Poverty rates



**Thank you.**



CITY OF  
**LONG BEACH**

# Appendix – Major Industry Groups

- **Autos and Transportation**
  - New motor vehicle dealers
  - Auto leases
  - Auto repair shops
  - Used car dealers
- **Business and Industry**
  - Office supplies/furniture
  - Energy/utilities
  - Medical/biotech
  - Government/social org.
  - Business services
- **Building and Construction**
  - Building materials
  - Plumbing/electrical supplies
- **Food and Drugs**
  - Grocery stores
  - Food stores
  - Cannabis related
  - Convenience/liquor stores
- **Fuel and Service Stations**
  - Service stations
  - Petroleum products/equipment
- **General Consumer Goods**
  - Apparel/shoes
  - Discount stores
  - Music stores
  - Electronic/appliance stores
- **Restaurants and Hotels**
  - Quick-service restaurants
  - Casual dining
  - Fine dining
  - Hotels
  - Leisure/entertainment

Source: HdL Companies

# Appendix - Transient Occupancy Tax by Fiscal Year

