

CITY OF POWAY

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



POWAY

TOTAL: \$ 4,744,444

9.2%
4Q2021



14.7%
COUNTY

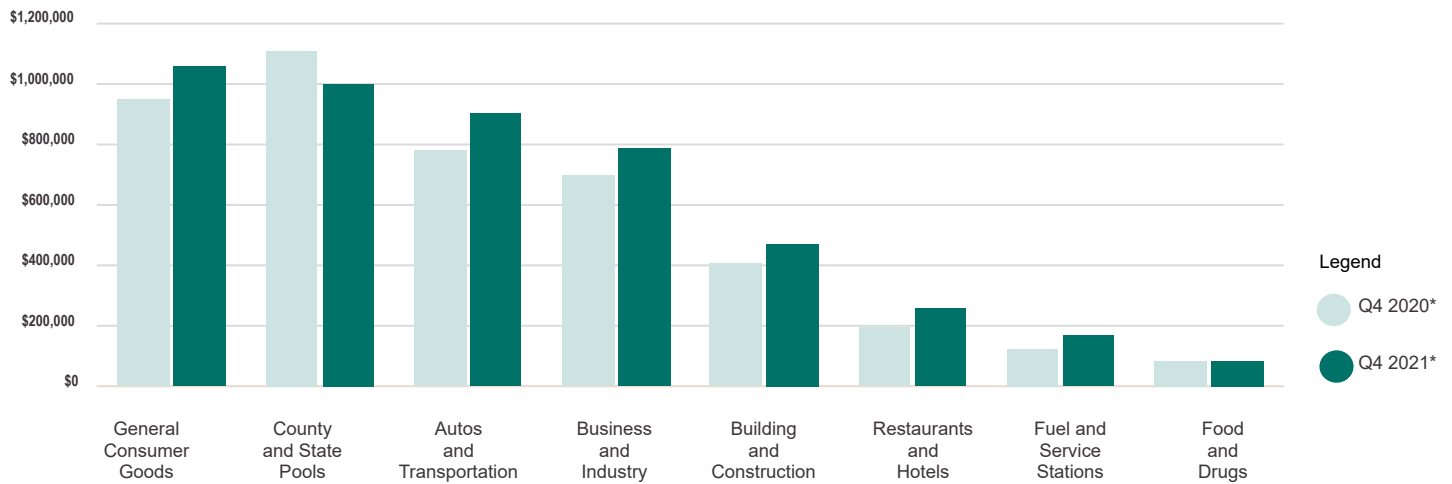


15.6%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF POWAY HIGHLIGHTS

Poway's receipts from October through December were 17.8% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 9.2%.

New car sales grew 15%, matching the statewide trend, as local auto dealers successfully navigated industry-wide inventory constraints.

General consumer goods retailers were also strong as shoppers spent freely during the holiday season. Medical and biotech led the business-industrial category, with one local company in particular spiking the last two-quarters.

Casual dining restaurant sales also improved as people got out of the house to come together again, seeking meaningful ways to connect with others after the isolation of the Covid-19 crisis. Tax revenue from local service stations

jumped due to higher gasoline prices and increased driving activity. The sale of building and construction supplies also grew.

Conversely, allocations from the countywide use tax pool dipped 10% due to an assortment of temporary factors.

Net of aberrations, taxable sales for all of San Diego County grew 14.7% over the comparable time period; the Southern California region was up 17.4%.



TOP 25 PRODUCERS

- Aaron Ford
- Bay City Electric Works
- Circle K
- Costco
- EPC Power Corp
- Ferguson Enterprises
- Filtros
- General Atomics Aeronautical
- Home Depot
- Home Goods
- Kohls
- Lowe's
- Maintex
- Modular Building Concepts
- Mossy Nissan
- Pedder Hyundai of Poway
- Perry Ford of Poway
- Poway Honda
- Quality Reinforcing
- Scion of Poway Toyota of Poway
- Sysco Food Services
- Target
- United Oil
- Walmart Supercenter
- Willscot



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.

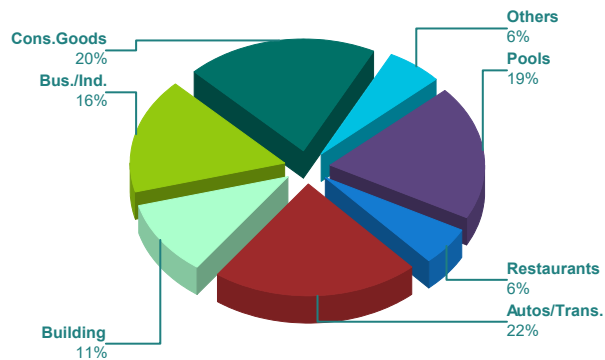
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, 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
Poway This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Poway Business Type	Q4 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	689.1	15.1% ↑	10.7% ↑	15.5% ↑
Electrical Equipment	325.8	-5.2% ↓	-0.2% ↓	11.0% ↑
Building Materials	212.5	-0.8% ↓	5.7% ↑	2.3% ↑
Service Stations	170.5	38.2% ↑	52.6% ↑	53.8% ↑
Casual Dining	106.2	51.3% ↑	70.4% ↑	66.4% ↑
Quick-Service Restaurants	99.5	9.6% ↑	14.9% ↑	12.2% ↑
Medical/Biotech	84.1	136.2% ↑	-9.4% ↓	-4.7% ↓
Contractors	67.0	25.3% ↑	8.4% ↑	5.3% ↑
Business Services	65.5	33.8% ↑	32.4% ↑	4.2% ↑
Light Industrial/Printers	55.7	10.6% ↑	-1.7% ↓	8.1% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars