

CITY OF POWAY

SALES TAX UPDATE

1Q 2022 (JANUARY - MARCH)



POWAY

TOTAL: \$ 4,135,487

13.5%
1Q2022



20.0%
COUNTY

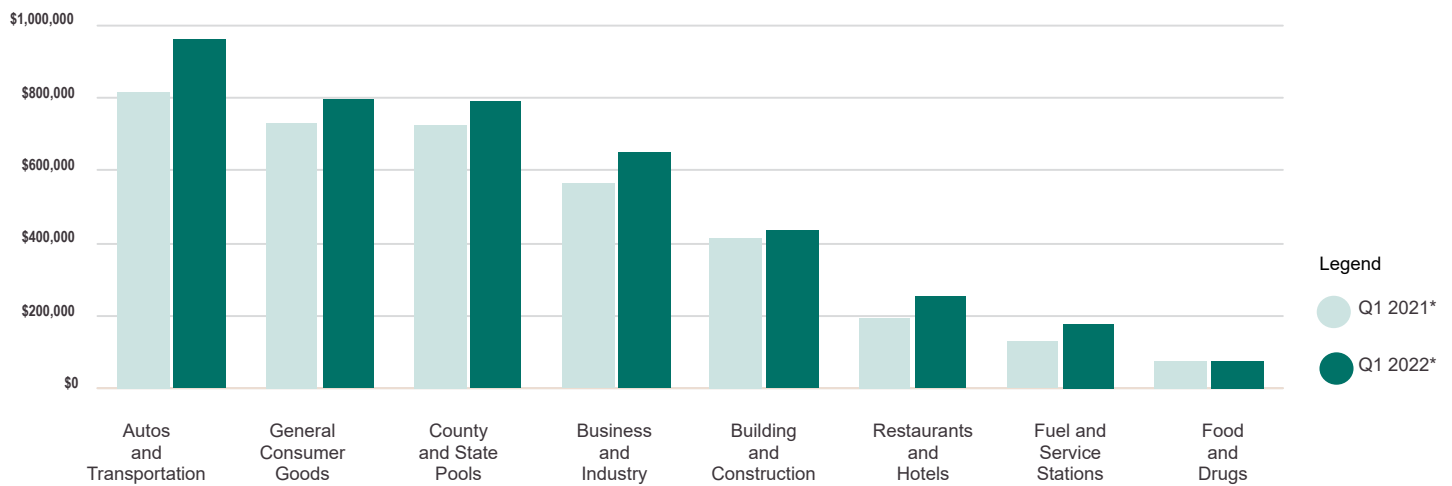


17.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF POWAY HIGHLIGHTS

Poway's gross receipts from January through March were 17% above the first sales period in 2021. Adjustments for delayed payments, audit and other reporting modifications resulted in actual sales that were up 13.5%. Place of sale collections soared 14.5% compared to a year ago. Overall, the regional economy demonstrated strength and resiliency during the first three months of the year.

Drivers continued to snap up remaining new car inventories, causing another surge in autos-transportation receipts – surpassing the state and county averages. General consumer goods was boosted as shoppers enjoyed visiting stores in town – even with slight dips in some categories, such as home furnishings. A 9% increase in allocations from the countywide use tax pool contributed to the positive quarterly outcome as the pools remain a

solid source of local revenue, boosted by taxes on e-commerce.

Business-industry results were assisted by medical-biotech and business services sales. Building materials sales and contractor activity lifted the building-construction group. Restaurants, especially casual dining, experienced another sensational sales period as patrons seemed unfazed by more expensive menus and enjoyed the experience of dining out – which may have contributed to lower growth in food-drug receipts. With the global cost of crude oil causing higher local gas prices, along with more commuters on the road, revenue from service stations skyrocketed. Net of adjustments, taxable sales for the Southern California region grew 19.2% over the comparable time period.



TOP 25 PRODUCERS

- Aaron Ford of Poway
- Bay City Electric Works
- Chevron
- Circle K
- Costco
- Ferguson Enterprises
- Filtros
- General Atomics
- Aeronautical
- Home Depot
- Home Goods
- Lowe's
- Maintex
- Mossy Nissan
- Pedder Chrysler Dodge Ram
- Pedder Hyundai of Poway
- Poway Honda
- Poway Powersports
- Scion of Poway Toyota of Poway
- Stater Bros
- Sysco Food Services
- Target
- United Oil
- Walmart Supercenter
- Willscot
- Wilmad Labglass



STATEWIDE RESULTS

California's local one-cent sales and use tax for sales occurring January through March was 17% higher than the same quarter one year ago, after adjusting for accounting anomalies and onetime payments from previous quarters. By all accounts, the California retail economy continues roaring along. Even with instability in the stock market, the crisis in Ukraine pushing up the global price of crude oil and the U.S. Federal Reserve Board beginning to tackle inflation with a series of rate increases, consumer spending continued at a strong pace.

The invasion of Ukraine by Russian military forces on February 24 had an immediate upward impact on the global price of crude oil due to fears of supply shortages. Subsequently this has caused a dramatic jump to California consumer gas and diesel prices at a time when many in the workforce were commuting back into offices, also contributing to an overall increase in consumption. As expected, fuel and service station receipts increased 47% over last year and show no signs of pulling back with summer travel right around the corner.

Sales of new and used vehicles continue to be robust causing the autos and transportation sector to jump 15% for the period. Inventory shortages by some dealers may have caused buyers to experience a Fear Of Missing Out (FOMO) and pay elevated prices while interest rates remained lower. Automotive brands that have committed to full electric or hybrid models are attractive with consumers, especially given the sudden rise in fuel prices.

Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning to normal and headwinds from inflation and higher cost goods haven't yet slowed consumer demand. The stellar returns

were largely driven by discount department stores, especially those selling gas.

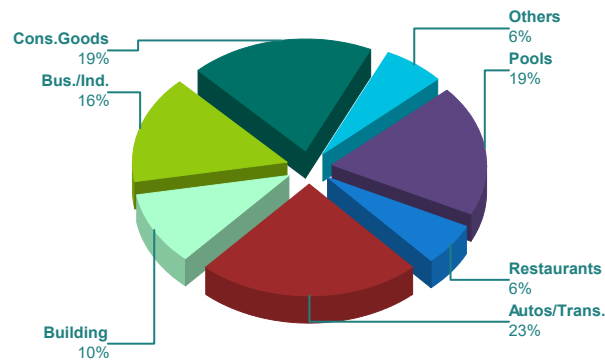
These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the summer tourism and travel season approaching, the industry is positioned to maintain post-pandemic growth and remain positive through 2022.

Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over

the comparison period. Shoppers bought a range of merchandise and spending by businesses on capital equipment remained sensational.

The first quarter sales period contributed to an already strong 2021-22 fiscal year for most municipalities statewide. However, continued inflationary pressure, soaring interest rates and record gas prices may soften growth going into 2022-23.

REVENUE BY BUSINESS GROUP Poway This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Poway Business Type	Q1 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	764.7	21.1% ↑	16.4% ↑	18.7% ↑
Building Materials	209.0	-2.2% ↓	7.7% ↑	7.8% ↑
Service Stations	177.7	37.4% ↑	37.2% ↑	43.3% ↑
Electrical Equipment	167.3	-20.2% ↓	11.7% ↑	19.8% ↑
Casual Dining	106.2	42.8% ↑	64.8% ↑	55.8% ↑
Medical/Biotech	98.0	233.8% ↑	5.3% ↑	7.9% ↑
Quick-Service Restaurants	97.2	7.1% ↑	8.9% ↑	7.8% ↑
Light Industrial/Printers	73.3	44.7% ↑	15.8% ↑	15.0% ↑
Business Services	61.0	51.0% ↑	31.6% ↑	32.7% ↑
Auto Repair Shops	53.7	25.8% ↑	16.9% ↑	22.0% ↑

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*In thousands of dollars