

CITY OF POWAY

SALES TAX UPDATE

2Q 2022 (APRIL - JUNE)



POWAY

TOTAL: \$ 4,707,280

10.6%
2Q2022



13.5%
COUNTY

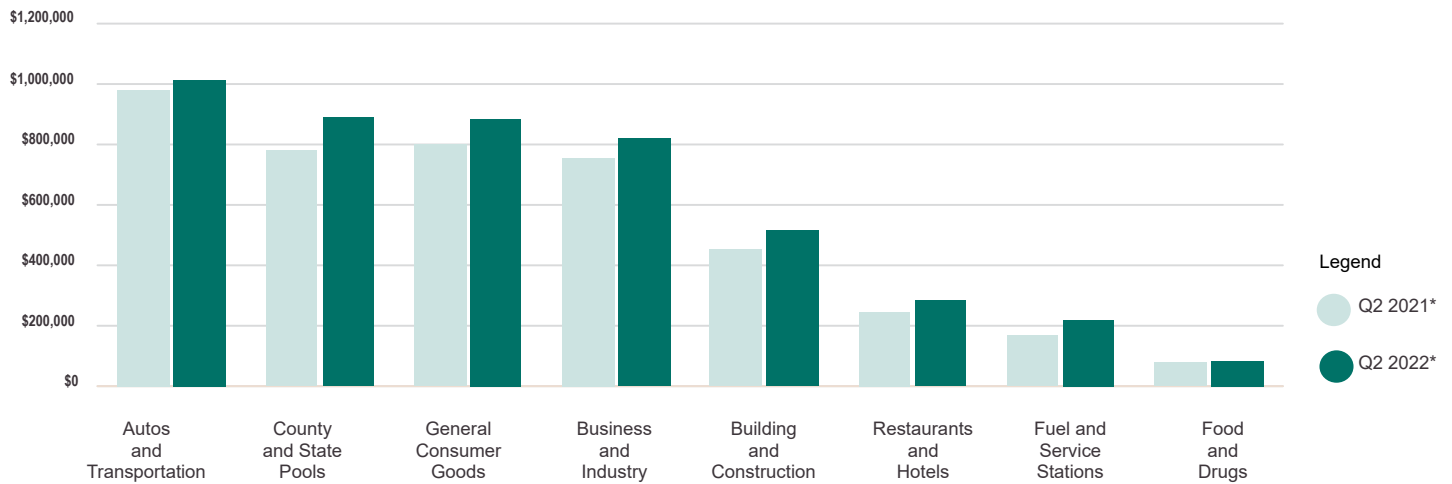


10.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF POWAY HIGHLIGHTS

Poway's receipts from April through June were 6.3% above the second sales period in 2021. Excluding reporting aberrations, actual sales were up 10.6%, with every major industry group posting a positive return for the quarter.

Allocations from the countywide use-tax pool surged 14%, nearly an identical result to the average return among local jurisdictions. Results were driven higher by a surge in business-industrial activity across the region, likely boosted by onshoring investments in response to supply-chain vulnerabilities identified during the pandemic.

Higher fuel prices lifted the results of local service stations and the local general consumer goods retail outlets that also sell gasoline. A misallocation appears to have artificially lifted contractor suppliers.

Medical and biotech related sales performed well this quarter, along with several other categories within the business-industrial sector, though the electrical equipment sub-category had an off quarter that restrained the overall rate of improvement.

New car sales continued to grow despite record high prices, inventory scarcity and rising financing costs.

Net of aberrations, taxable sales for all of San Diego County grew 13.5% over the comparable time period; the Southern California region was up 11.1%.



TOP 25 PRODUCERS

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



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring April through June was 10% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark the sixth consecutive quarter of double-digit growth since the pandemic periods in 2020, with the July-June 2022 fiscal year up 15%.

Commuters returning to offices combined with the Russia-Ukraine conflict continuing to put upward pressure on oil prices and left Californians facing the highest average price per gallon on record resulting in fuel and service station receipts 42% higher than last year. While statewide fuel consumption still trails 2019 levels, local gas prices are expected to remain high until after the summer blend period.

Led by consumer's desire to dine out, a steady rise in tourism and business travel, higher menu prices and great weather, the restaurant sector continues to flourish. Theme parks, entertainment venues and hotels showed the strongest growth with casual dining establishments remaining solid, a trend likely to remain through 2022.

The automobile sector experienced modest gains for new car dealers and rental car vendors, however sales of used autos and leasing activity has begun to cool. Brands prioritizing full electric and hybrid models still appear to be the most attractive with consumers, however increased financing rates may cause even their activity to dampen. Tight inventories that contributed to dramatic price increases over the last 18 months are also showing signs of loosening as newer models are released

in greater numbers.

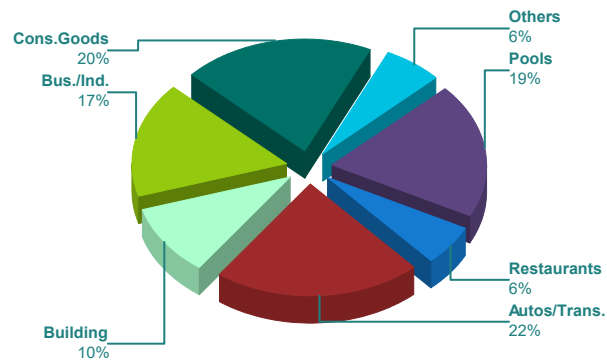
General consumer goods categories saw steady returns largely propped up by retailers also selling fuel. In comparison with the prior year when consumers were buying merchandise at a record pace, the current returns from apparel and jewelry stores grew moderately with home furnishings showing a slight decrease.

With new housing starts accelerating and residential and commercial property values rising, construction contractors remain busy. Lumber prices have softened from prior year highs leaving material suppliers with modest gains, however electrical, plumbing and energy

suppliers boosted building sector results. Increased investment in capital equipment remains an important area of growth for county pool allocations, especially as online spending for general consumer goods begins to flatten as consumers return to in-store shopping.

Overall, higher priced goods through periods of consistent demand have led to economic inflation. The Federal Reserve Board's recent actions to curb inflation are anticipated to put downward pressure on auto sales, building materials and financed general consumer goods, resulting in slower growth by year end and into 2023.

REVENUE BY BUSINESS GROUP Poway This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Poway Business Type	Q2 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	814.9	4.7% ↑	4.3% ↑	6.6% ↑
Electrical Equipment	311.6	-9.2% ↓	22.2% ↑	15.2% ↑
Building Materials	232.9	-0.2% ↓	4.1% ↑	2.8% ↑
Service Stations	218.1	30.9% ↑	28.2% ↑	36.4% ↑
Casual Dining	112.8	10.1% ↑	17.6% ↑	17.2% ↑
Quick-Service Restaurants	112.4	12.0% ↑	10.0% ↑	5.2% ↑
Medical/Biotech	82.3	150.7% ↑	13.0% ↑	5.3% ↑
Contractors	75.2	81.4% ↑	10.8% ↑	13.9% ↑
Business Services	66.6	28.6% ↑	10.6% ↑	12.8% ↑
Light Industrial/Printers	56.6	9.0% ↑	9.2% ↑	12.2% ↑

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*In thousands of dollars