

# CITY OF POWAY

## SALES TAX UPDATE

### 3Q 2022 (JULY - SEPTEMBER)



**POWAY**

TOTAL: \$ 4,374,566

4.2%  
3Q2022



8.6%  
COUNTY

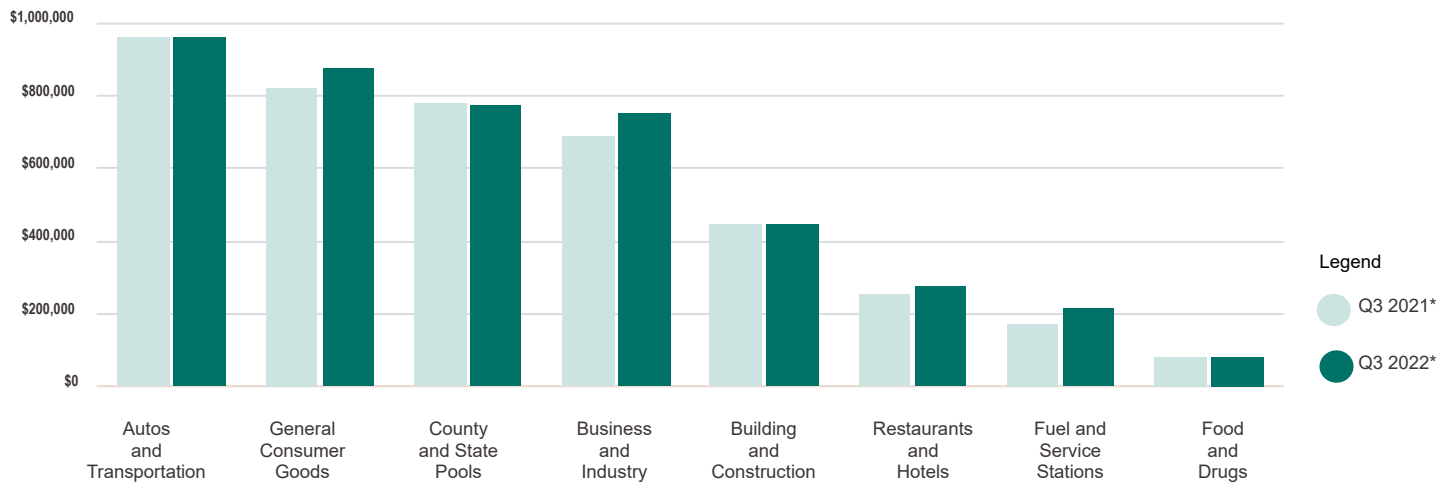


8.0%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF POWAY HIGHLIGHTS

Poway's receipts from July through September were 1.0% above the third sales period in 2021. Excluding reporting aberrations, actual sales were up 4.2%.

The autos-transportation industry remained flat as a result of weaker sales from several sectors in this category during this period. This was also the case for the state-county pools which is the City's third largest revenue group.

As people slowly return back to their workplace and travel, services stations continue to see exceptional returns while gas prices remain moderately high. Furthermore, interest in eating out has led to positive results for casual dining and fast casual restaurants. In addition, the business-industry group saw positive gains primarily from the light/printers outlets and business services as well. The general consumer goods

retailers continued to show encouraging growth by posting 6.1% return, which is considerable higher than the 2.9% statewide.

Net of aberrations, taxable sales for all of San Diego County grew 8.6% over the comparable time period; the Southern California region was up 8.1%.



### TOP 25 PRODUCERS

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



## STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

## SALES TAX RATE BREAKDOWN

**7.75%**

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
San Diego County Regional Transportation Commission (SDTC)	0.5000%

**Tax Rate Effective January 01, 2017**
**7.7500%**

## TOP NON-CONFIDENTIAL BUSINESS TYPES

Poway Business Type	Q3 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	763.8	-0.2% ↓	9.3% ↑	9.9% ↑
Electrical Equipment	229.9	-0.6% ↓	3.6% ↑	15.6% ↑
Building Materials	221.6	-3.3% ↓	4.5% ↑	2.8% ↑
Service Stations	216.3	25.1% ↑	11.1% ↑	18.4% ↑
Casual Dining	111.2	12.0% ↑	12.8% ↑	10.1% ↑
Quick-Service Restaurants	107.0	3.0% ↑	6.5% ↑	4.0% ↑
Contractors	84.0	73.7% ↑	6.1% ↑	15.5% ↑
Business Services	79.3	27.7% ↑	21.0% ↑	17.3% ↑
Light Industrial/Printers	75.4	51.3% ↑	14.0% ↑	10.2% ↑
Heavy Industrial	72.9	15.4% ↑	5.8% ↑	15.9% ↑

*\*Allocation aberrations have been adjusted to reflect sales activity*
*\*In thousands of dollars*