

CITY OF POWAY

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



POWAY

TOTAL: \$ 4,609,224

-2.7%

4Q2022



6.7%

COUNTY



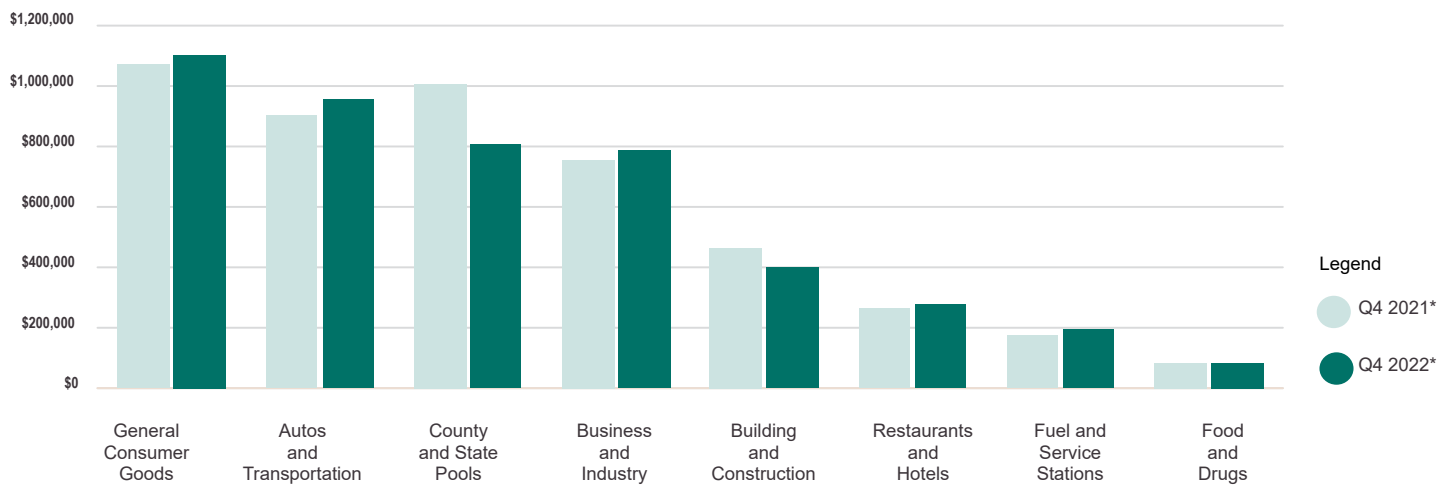
4.6%

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 October through December were 12.2% below the fourth sales period in 2021. After adjusting for reporting modifications, net revenues were actually 2.7% lower than a year ago. While economic pressures may have impacted some buying decisions, most tax groups ended in positive territory.

General retail, the largest segment this quarter, fared well during the busy shopping season – even though some sectors performed lower than a year ago. New car sales boosted the autos-transportation revenues as people continued to purchase available new car inventory. Business-industry receipts were mixed, but electrical equipment purchases surged 32% and pushed up returns.

As in previous quarters, residents and

visitors enjoyed the experience of dining at the City's quick-service and casual dining establishments – even with higher menu prices. Fuel-service stations continued to benefit from the high price of crude oil, as well as increased commuters on the roads.

Conversely, the City's countywide use tax pool revenues decreased 20% as ecommerce and third party auto sales ebbed, and the City's overall pool share declined as other agency shares grew. Building-construction receipts declined compared to the highs of a year ago.

Net of adjustments, taxable sales for all of San Diego County grew 6.7% over the comparable time period; the Southern California region was up 5.0%.



TOP 25 PRODUCERS

- Aaron Ford of Poway
- Chef Works
- Circle K
- Costco
- Delta Design
- Digitalpro
- Ferguson Enterprises
- General Atomics Aeronautical
- Home Depot
- Home Goods
- Kohls
- Lowe's
- Maintex
- Mobile Mini
- Mossy Nissan
- Pedder Chrysler Dodge Ram
- Pedder Hyundai of Poway
- Poway Honda
- Poway Shell
- Scion of Poway Toyota of Poway
- Stater Bros
- Sysco Food Services
- Target
- United Oil
- Walmart Supercenter



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 4.7% 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, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing it’s greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-construction sector.

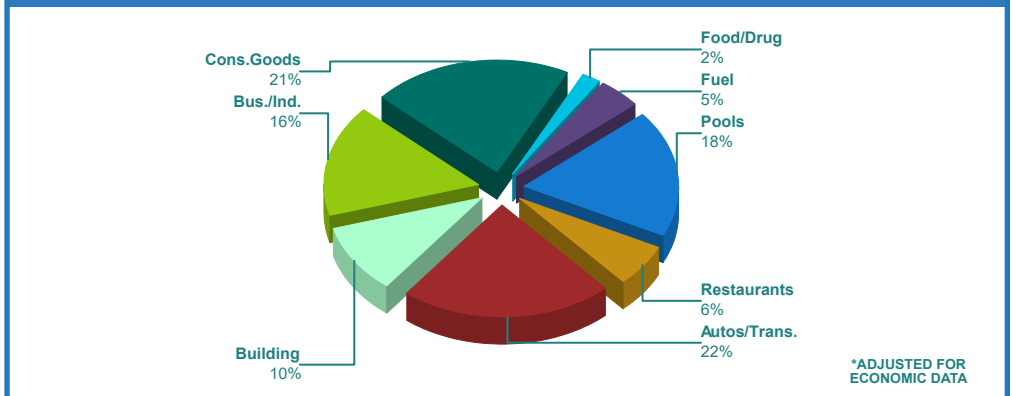
With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency’s coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller’s payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California’s taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP
Poway This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Poway Business Type	Q4 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	750.3	8.9% ↑	10.1% ↑	12.5% ↑
Electrical Equipment	373.8	31.0% ↑	21.0% ↑	22.0% ↑
Building Materials	214.8	1.3% ↑	6.0% ↑	2.1% ↑
Service Stations	195.8	13.9% ↑	5.2% ↑	7.5% ↑
Casual Dining	114.6	6.6% ↑	9.7% ↑	8.1% ↑
Quick-Service Restaurants	103.1	-3.8% ↓	5.1% ↑	5.7% ↑
Light Industrial/Printers	59.7	-15.1% ↓	2.9% ↑	4.2% ↑
Auto Repair Shops	56.5	7.9% ↑	6.3% ↑	6.5% ↑
Contractors	51.8	-20.3% ↓	14.1% ↑	11.6% ↑
Home Furnishings	48.1	-6.3% ↓	-1.2% ↓	-6.9% ↓

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