

CITY OF POWAY

SALES TAX UPDATE

1Q 2024 (JANUARY - MARCH)



POWAY

TOTAL: \$ 3,998,649

25.7%
1Q2024



1.1%
COUNTY

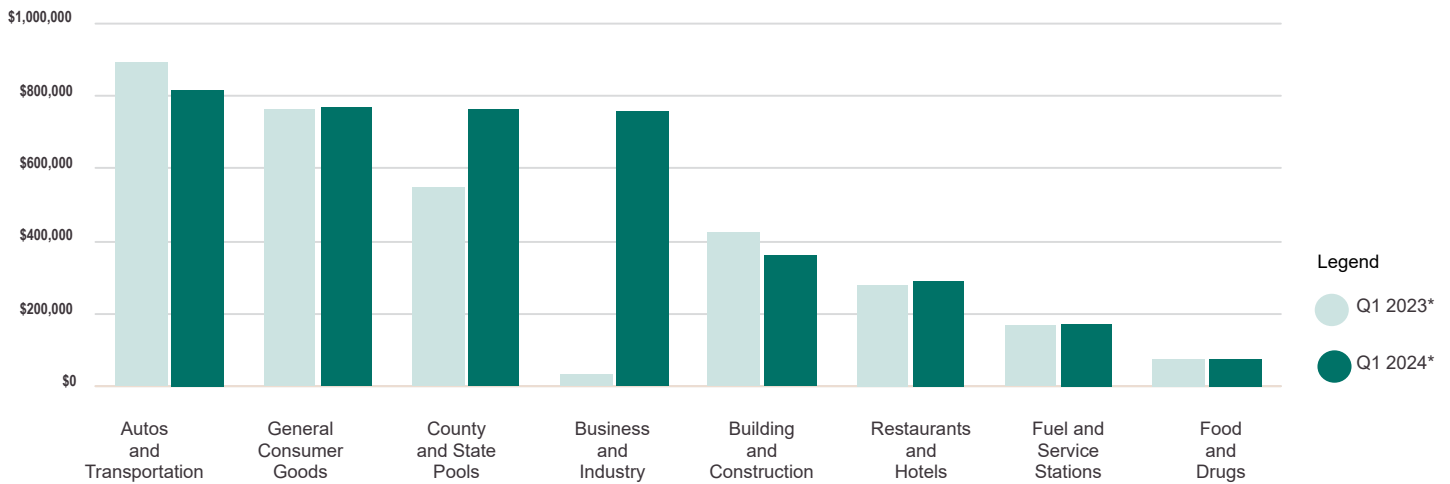


-0.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF POWAY HIGHLIGHTS

Poway's receipts from January through March were 36.5% above the first sales period in 2023. Excluding reporting aberrations, actual sales were up 25.7%.

General consumer goods had encouraging proceeds at home furnishing and specialty stores as consumer did shop, however, they limited their purchases as they still have concerns about the direction the economy is going at this time.

State-county pools, the City's third largest income category, had exceptional gains with a 38.4% return boosted by various big-ticket sales during this period.

The business-industry group had positive profits, and benefitted from a recently new business in town that contributed to this promising growth. Furthermore, as patrons enjoyed eating out at casual and fast-casual establishments, these businesses benefitted from optimistic

gross receipts. Likewise, with people slowly returning back to their workplace and traveling, fuel-service stations began to see optimistic returns while gas prices remain stable.

The autos-transportation category had discouraging returns especially from new automotive dealers as buyers found it challenging to finance vehicles with high interest rates. Building-construction gross receipts were dismal, as building materials and contractors saw less demand for their services. In addition, the food-drug category had negative proceeds at grocery stores as shoppers looked to discount stores for better bargains.

Net of aberrations, taxable sales for all of San Diego County grew 1.1% over the comparable time period; the Southern California region was flat.



TOP 25 PRODUCERS

- | | |
|------------------------------|------------------------------|
| Aaron Ford of Poway | Poway Honda |
| Bay City Electric Works | Stater Bros |
| Chef Works | Sysco Food Services |
| Circle K | Target |
| Costco | Technology Integration Group |
| Discount Tire | Toyota of Poway |
| Ferguson Waterworks | United Oil |
| General Atomics Aeronautical | Walmart Supercenter |
| Home Depot | |
| Home Goods | |
| Kohls | |
| Lowe's | |
| Maintex | |
| Mobile Mini | |
| Mossy Nissan | |
| Pedder Chrysler Dodge Ram | |
| Pedder Hyundai of Poway | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of January through March were 0.2% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year first quarter is traditionally the lowest sales tax generating period; however, returns were more on par with the comparison period.

One of the only sectors continuing to display declines was auto-transportation. High interest rates created more expensive long-term financing costs. Combined with a dramatic cost of insurance coverage rate spike, this group declined 7.5%.

Fuel and service stations was the other sector with a drop over last year. As California drivers embark on summer travel, they’ll do so with slightly elevated gas prices versus 2023, probably yielding the final period of negative results for the category heading into 2025.

During this post-holiday shopping period, general consumer goods experienced a soft rebound with very modest 0.5% growth. Although retailers selling gas were hurt by fuel prices, it did not stop family apparel and department stores from lifting revenues.

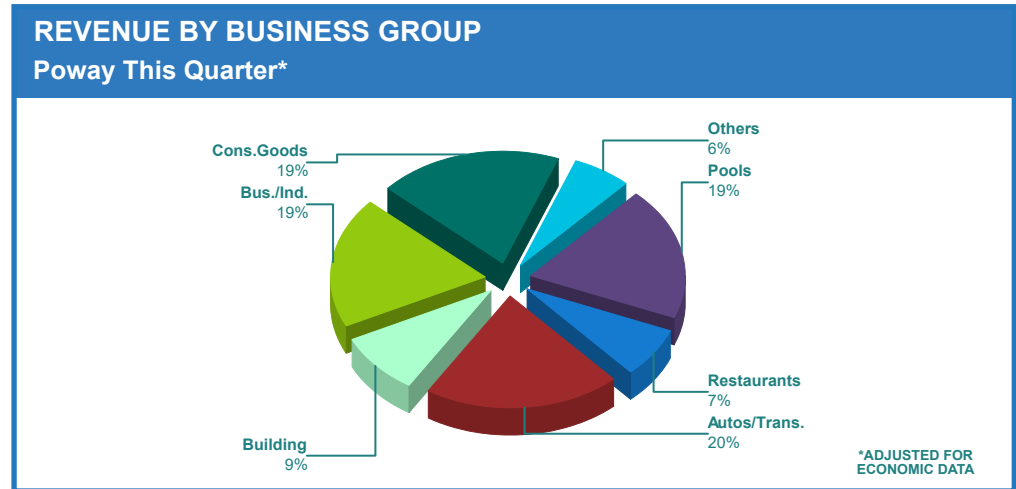
Restaurant activity contributed constant growth of 2.1%. Only fine dining establishments remain hindered as more affordable menus are preferred. Also, it appears some eateries made operational changes while implementing AB 1228; however, there isn’t enough data

yet to understand if this new bill impacted revenue.

Seemingly dramatic one-time events helped boost business-industry, as investments in office supplies-furniture and energy projects were a significant reason for 3.6% gains this quarter. Additionally, strong fulfillment center direct payments demonstrated sustained logistical expansion. When coupled with improved returns via the countywide use tax pools, customers demonstrated e-commerce preferences for obtaining various goods. Overall

pool allocations improved 1.6%.

Statewide, 2024 begins in a more positive fashion compared to the recent trends of 2023. Buoyed 1st quarter results may signify ‘the floor’ helping ease tax revenue concerns while awaiting the next growth cycle. The Federal Reserve and their position with the Fed Funds Rate remains the most probable component between economic stagnation or spring-boarding consumer spending. Tourism and local travel in the coming summer period could further inspire confidence.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Poway Business Type	Q1 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	627.5	-10.0% ↓	-4.9% ↓	-10.7% ↓
Building Materials	199.9	-5.6% ↓	2.0% ↑	-0.7% ↓
Service Stations	171.3	2.9% ↑	1.1% ↑	-0.8% ↓
Casual Dining	113.6	6.5% ↑	1.3% ↑	2.3% ↑
Quick-Service Restaurants	111.9	0.1% ↑	2.1% ↑	2.7% ↑
Auto Repair Shops	56.0	-7.5% ↓	-2.5% ↓	-1.9% ↓
Grocery Stores	42.3	-0.4% ↓	3.2% ↑	2.8% ↑
Fast-Casual Restaurants	41.9	5.7% ↑	1.4% ↑	2.3% ↑
Light Industrial/Printers	41.9	-26.7% ↓	5.4% ↑	-1.1% ↓
Automotive Supply Stores	37.8	-9.5% ↓	-2.7% ↓	-3.2% ↓

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