

# CITY OF POWAY

## SALES TAX UPDATE

### 2Q 2024 (APRIL - JUNE)



**POWAY**

TOTAL: \$ 4,176,725

-0.2%

2Q2024



0.1%

COUNTY



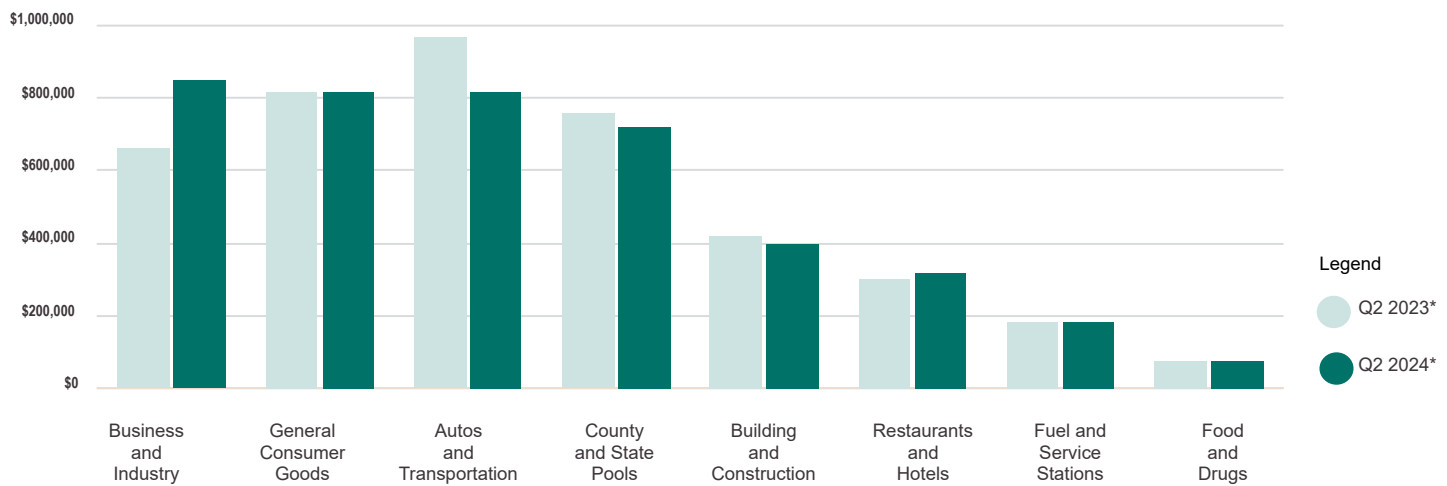
-0.7%

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 April – June were 6.2% below the second sales period in 2023. After adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were down a slight 0.2%.

The business-industry group benefited from some one-time medical/biotech receipts and sizeable payments in other sectors; however, a significant allocation in the electrical equipment sector may be in error and subject to a possible future correction.

General retail edged higher, with slight growth in specialty stores. Casual and quick-service dining led the increase for the restaurants-hotels group as people enjoyed the convenience and experience of dining out. The fluctuating price of crude oil netted positive service station returns.

Conversely, exceeding statewide decline trends, autos-transportation receipts fell 16%. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged as buyers waited on new car purchases. While building material sales improved, declines in contractor related receipts pulled down building-construction. Lower drug store related returns contributed to the slip in food-drugs.

The City's allocation from the countywide use tax pool sunk 5% due to larger sales tax gains by other agencies in the county during the quarter.

Net of adjustments, taxable sales for all of San Diego County were flat and the Southern California region was down 0.5%.



### TOP 25 PRODUCERS

- Aaron Ford of Poway
- Bay City Electric Works
- Circle K
- Costco
- Dugmore Duncan
- Ferguson Waterworks
- 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
- Quality Reinforcing
- Stater Bros
- Sysco Food Services
- Target
- Technology Integration Group
- Toyota of Poway
- United Oil
- Walmart Supercenter



## STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it's only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men's and women's apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper's preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

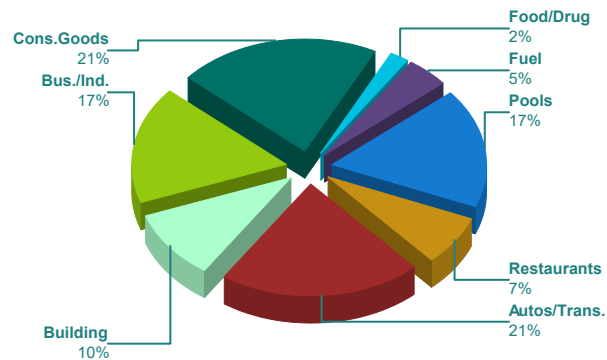
Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted - state law increasing California's minimum wage at designated eateries - third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

### REVENUE BY BUSINESS GROUP Poway This Fiscal Year\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Poway Business Type	Q2 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	636.4	-17.0% ↓	-7.1% ↓	-7.8% ↓
Building Materials	231.8	4.1% ↑	2.2% ↑	-3.1% ↓
Electrical Equipment	211.6	12.5% ↑	-17.6% ↓	5.4% ↑
Service Stations	184.5	0.3% ↑	3.2% ↑	2.3% ↑
Casual Dining	124.0	9.1% ↑	0.8% ↑	0.7% ↑
Quick-Service Restaurants	117.6	2.6% ↑	0.5% ↑	1.2% ↑
Repair Shop/Equip. Rentals	68.6	-7.0% ↓	6.4% ↑	-2.7% ↓
Auto Repair Shops	57.5	-13.0% ↓	-2.6% ↓	-4.2% ↓
Light Industrial/Printers	53.7	-4.6% ↓	5.4% ↑	-2.2% ↓
Grocery Stores	45.6	-0.3% ↓	0.9% ↑	1.6% ↑

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\*In thousands of dollars