

# CITY OF POWAY

## SALES TAX UPDATE

### 3Q 2024 (JULY - SEPTEMBER)



#### POWAY

TOTAL: \$ 4,122,786

-1.9%

3Q2024



-2.3%

COUNTY



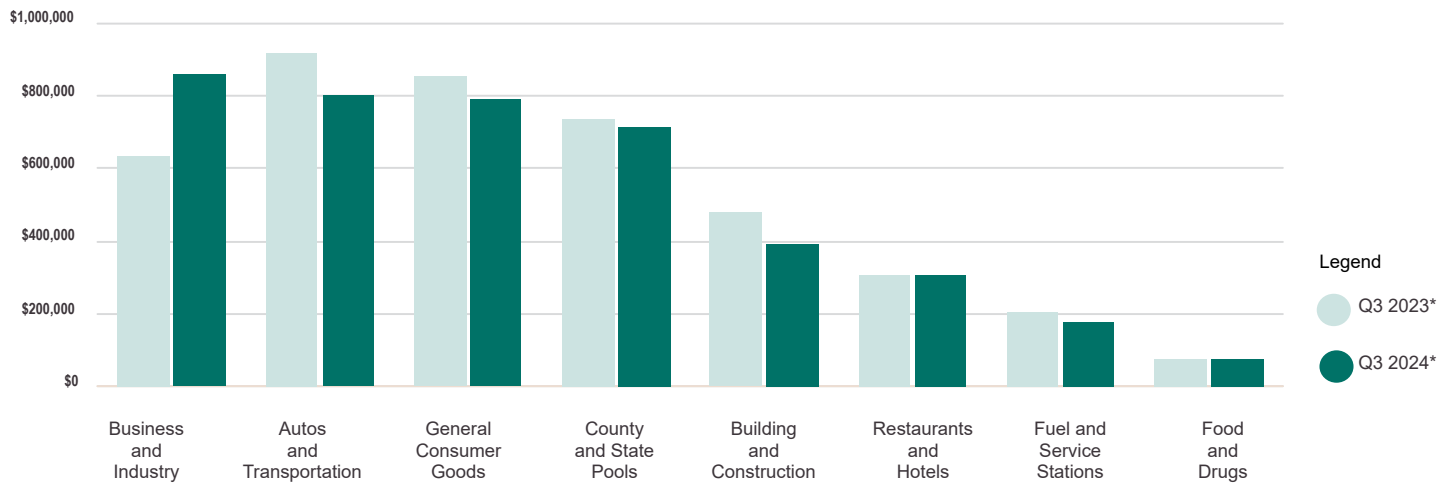
-2.3%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF POWAY HIGHLIGHTS

From July to September, Poway's receipts were 7.0% lower than the same period in 2023. This decline was worsened by a payment correction for a national retailer, affecting all agencies statewide. Excluding this and other reporting anomalies, actual sales were down 1.9%.

New car sales struggled as consumers remained cautious due to high prices, elevated financing costs, insurance premiums, and tight credit conditions. These uncertainties also led to reduced retail purchases across various categories.

Lower petroleum product prices this year, compared to last year's high levels driven by OPEC production cuts and geopolitical conflicts, negatively impacted tax receipts for local gasoline stations and fuel-selling retail outlets.

Statewide and locally, the sale of building-construction supplies was weak due to the stagnant housing market, which reduced demand for home renovations and other projects.

However, there was good news this quarter with a surge in business-industry returns, boosted by the recent relocation of a new supplier to the City of Poway within the last year.

Excluding anomalies, taxable sales for all of San Diego County declined 2.3% over the comparable period; the Southern California region also saw a 2.3% decline.



#### TOP 25 PRODUCERS

- |                              |                              |
|------------------------------|------------------------------|
| Aaron Ford of Poway          | Poway Honda                  |
| Bay City Electric Works      | Stater Bros                  |
| Chef Works                   | Sysco Food Services          |
| Chevron                      | Target                       |
| Circle K                     | Technology Integration Group |
| Costco                       | 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 July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

Brick-and-mortar general consumer retailers pulled back 3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

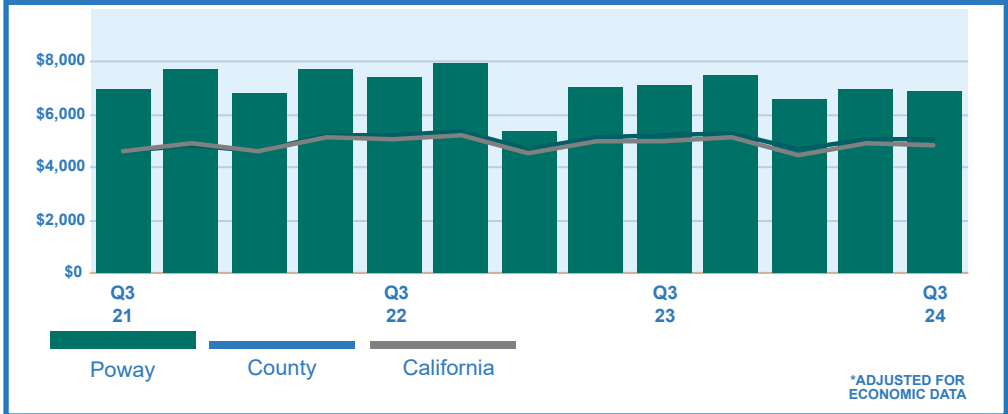
Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments - consistent with spending trends in other sectors. State

mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren’t considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.

### SALES PER CAPITA\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Poway Business Type	Q3 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	619.5	-14.6% ↓	-8.9% ↓	-7.9% ↓
Electrical Equipment	265.3	56.8% ↑	-4.9% ↓	9.7% ↑
Building Materials	207.6	-7.7% ↓	-1.9% ↓	-4.2% ↓
Service Stations	179.9	-11.4% ↓	-10.6% ↓	-12.8% ↓
Casual Dining	119.7	0.9% ↑	2.6% ↑	1.1% ↑
Quick-Service Restaurants	115.2	1.2% ↑	0.3% ↑	1.1% ↑
Repair Shop/Equip. Rentals	79.0	22.8% ↑	24.1% ↑	1.3% ↑
Auto Repair Shops	56.3	0.2% ↑	-1.7% ↓	-2.5% ↓
Grocery Stores	46.3	2.3% ↑	0.3% ↑	1.4% ↑
Light Industrial/Printers	45.1	-15.8% ↓	3.7% ↑	-0.5% ↓

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