

CITY OF SAN FERNANDO

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



SAN FERNANDO

TOTAL: \$ 1,710,380

-2.1%

4Q2022



4.0%

COUNTY



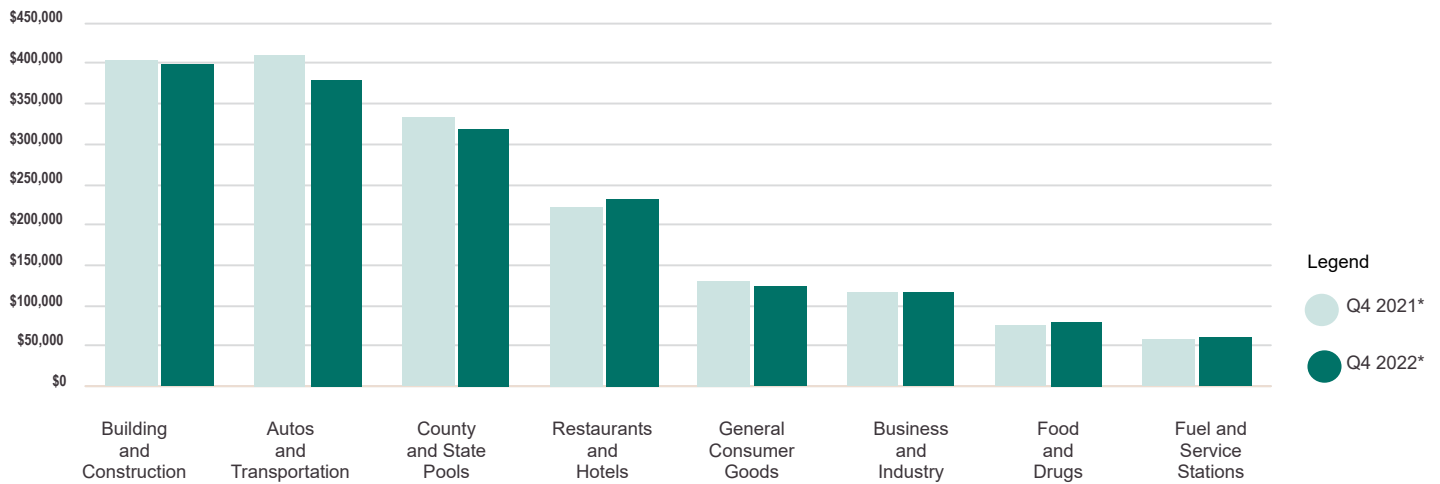
4.7%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure SF

TOTAL: \$1,290,289

↑ 5.9%



CITY OF SAN FERNANDO HIGHLIGHTS

San Fernando's receipts from October through December were 1.8% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were down 2.1%.

Consumers resumed their visits to restaurants after the pandemic lockdowns allowing for a 5.4% increase. This performance is due partially to higher menu prices brought on by increased labor and food costs.

The food/drug and fuel service stations sectors posted positive gains for the quarter. However, a portion of these increases may be attributable to the higher inflation costs of such products.

Autos & transportation did not perform well for the quarter with a reduction of (7.5%); current statewide trend for this sector is an average of 5.6% growth.

The City's voter-approved Measure SF generated 75.6% of the Bradley-Burns amount led by solid performance in the business & industry sector. The City's share of the countywide use tax pool fell (4.1%) for the quarter.

Net of aberrations, taxable sales for all of Los Angeles County grew 4.0% over the comparable time period; the Southern California region was up 5.1%.



TOP 25 PRODUCERS

Acey Decy Lighting
Arco
Arroyo Building Materials
Casco
CCAP Auto Lease
CVS Pharmacy
El Pollo Loco
El Super
Enterprise Rent A Car
Ganas Auto
Goodman Distribution
Home Depot
IHOP
Legacy Effects
Maclay Shell & Circle K

McDonalds
Nachos Ornamental Supply
Pool & Electrical Products
Rydell Chrysler Dodge Jeep Ram
Smart & Final
T Mobile
Truman Fuel
Vallarta Supermarket
Western Shotcrete Equipment
WSS



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.

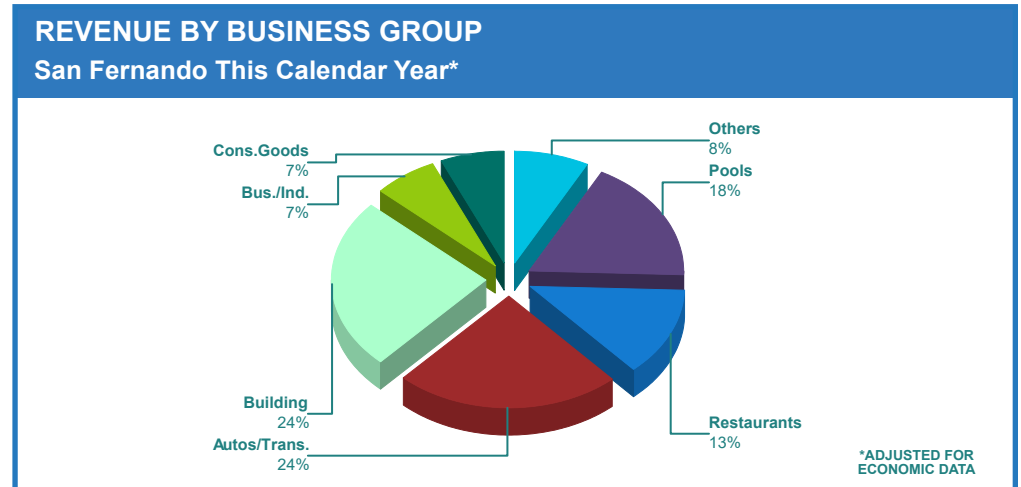
Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV 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.



TOP NON-CONFIDENTIAL BUSINESS TYPES

San Fernando Business Type	Q4 '22*	Change	County Change	HdL State Change
Quick-Service Restaurants	142.4	7.0% ↑	6.3% ↑	5.7% ↑
Casual Dining	64.5	9.7% ↑	10.9% ↑	8.1% ↑
Contractors	62.1	0.2% ↑	9.8% ↑	11.7% ↑
Service Stations	61.4	5.2% ↑	9.8% ↑	7.5% ↑
Grocery Stores	43.9	10.8% ↑	7.2% ↑	6.2% ↑
Auto Lease	33.3	-5.1% ↓	-12.0% ↓	-11.1% ↓
Automotive Supply Stores	30.4	14.3% ↑	4.0% ↑	2.6% ↑
Electronics/Appliance Stores	30.3	3.3% ↑	13.3% ↑	10.8% ↑
Fast-Casual Restaurants	25.4	-11.7% ↓	5.2% ↑	6.6% ↑
Motion Pictures/Equipment	18.8	87.1% ↑	6.2% ↑	1.6% ↑

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