

CITY OF ELK GROVE

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



ELK GROVE

TOTAL: \$ 9,516,013

0.2%
4Q2021



18.4%
COUNTY

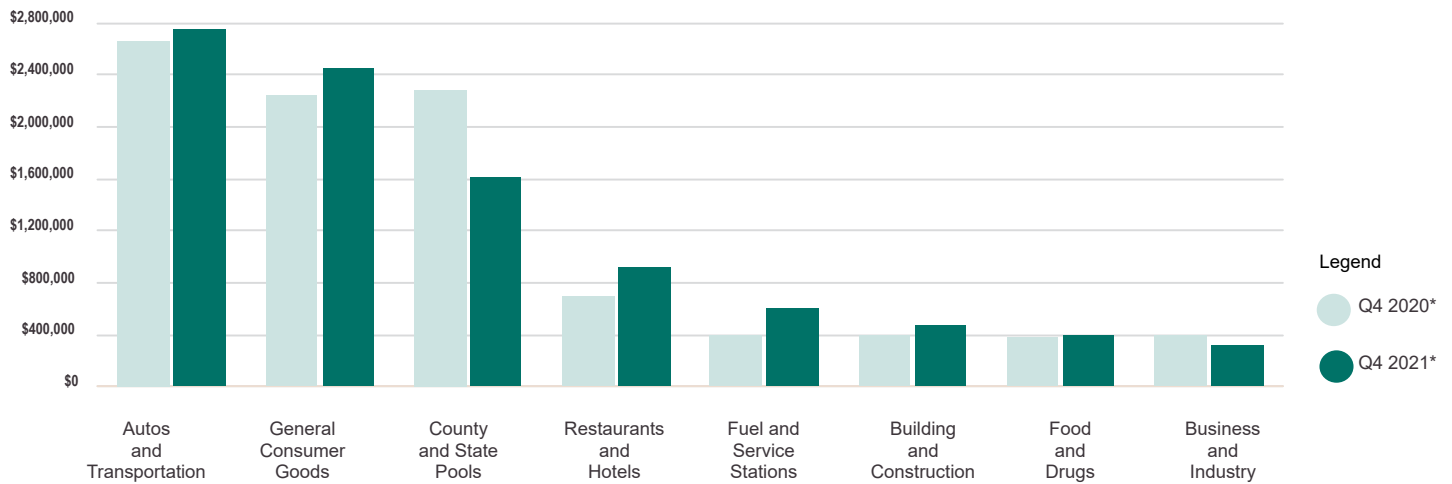


15.6%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF ELK GROVE HIGHLIGHTS

Elk Grove's receipts from October through December were 2.8% below the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 0.2%.

Unlike the rest of the state which reported stronger growth in the automotive group, spending on transportation needs was at the lowest level in multiple quarters. This may be driven by reports of lower inventory availability and higher pricing for vehicles.

Despite news of variants, retailers delivered a positive holiday experience for pandemic fatigued consumers for solid sales. Strong results from family apparel and specialty stores contributed, however with the return to in person shopping, e-commerce results in the county pool slumped compared to last year.

Rising menu prices didn't deter the gains in restaurant receipts. Customers were eager to dine-in at casual eateries, even though some outlets had to reduce hours to address labor shortage factors. Quick-service options remain popular with the convenience of drive-thru or mobile apps, valuable factor for easy ordering options.

Recovery from pandemic impacts on sales taxes was evident in some segments with the third quarter of improved receipts in the fuel-service station sector. On the other hand, declines from multiple segments in the business sector due to one-time payments last year.

Net of aberrations, taxable sales for all of Sacramento County grew 18.4% over the comparable time period; the Sacramento region was up 14.0%.



TOP 25 PRODUCERS

- Apple
- Bel Air Market
- Best Buy
- Chevron
- Costco
- EG Dodge/Jeep/Chry/Audi/VW/Subaru
- Elk Grove Acura
- Elk Grove Buick GMC
- Elk Grove Ford
- Elk Grove Honda
- Elk Grove Kia
- Elk Grove Toyota
- Grantline Arco
- Home Depot
- Kohls
- Laguna 76
- Maita Chevrolet
- Niello BMW
- Nissan/Mazda of Elk Grove
- Ross
- Shell Gas Station
- Slakey Brothers
- Target
- Total Wine & More
- Walmart



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 15% 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, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women’s apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

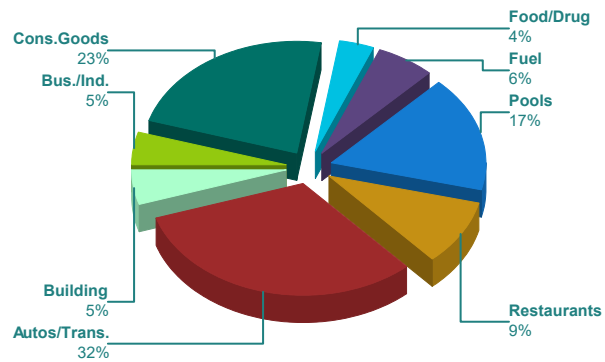
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State’s history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia’s war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

REVENUE BY BUSINESS GROUP
Elk Grove This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Elk Grove Business Type	Q4 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,367.7	5.0% ↑	7.6% ↑	15.5% ↑
Service Stations	595.1	51.2% ↑	48.4% ↑	53.8% ↑
Electronics/Appliance Stores	592.7	-10.4% ↓	-3.7% ↓	8.5% ↑
Casual Dining	475.9	54.7% ↑	66.3% ↑	66.5% ↑
Quick-Service Restaurants	317.4	9.6% ↑	9.2% ↑	12.1% ↑
Grocery Stores	203.5	-2.7% ↓	-0.3% ↓	0.7% ↑
Family Apparel	184.9	25.7% ↑	16.3% ↑	27.3% ↑
Specialty Stores	178.0	14.4% ↑	14.1% ↑	18.8% ↑
Contractors	123.0	86.0% ↑	22.7% ↑	5.3% ↑
Home Furnishings	118.2	-2.5% ↓	8.2% ↑	6.3% ↑

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*In thousands of dollars