

CITY OF ELK GROVE

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



ELK GROVE

TOTAL: \$ 10,143,828

4.9%
3Q2022



6.9%
COUNTY

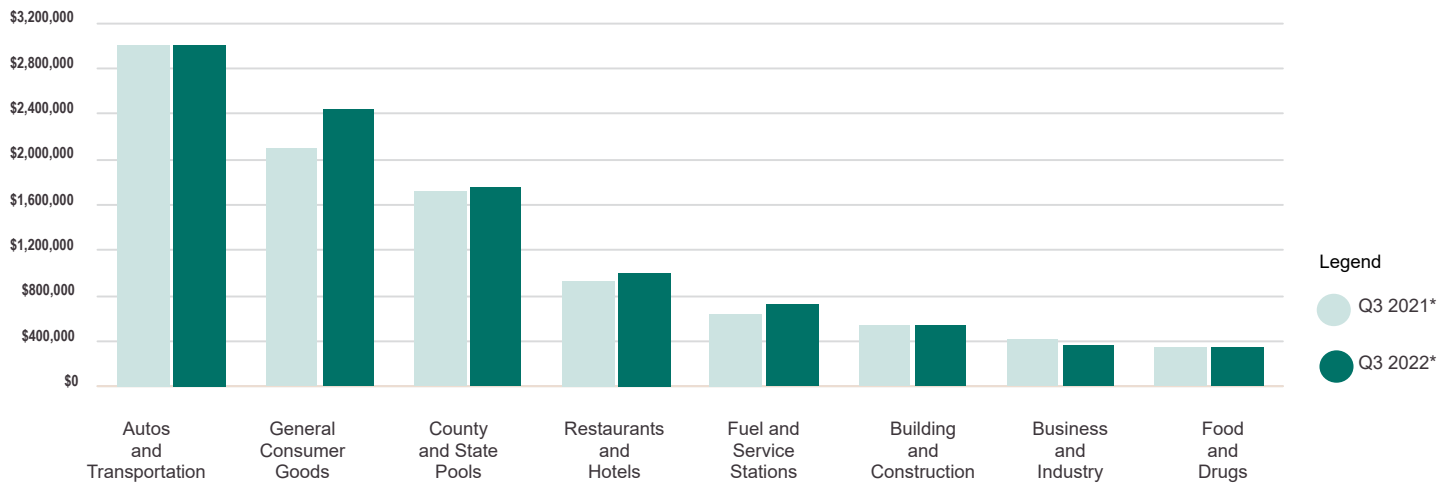


8.0%
STATE



*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 July through September were 1.1% above the third sales period in 2021. Excluding reporting aberrations, actual sales were up 4.9%.

Buyers snapped up new cars when they were available during the summer months – but it's the new outlet in the group keeping autos-transportation in positive territory; new dealerships were up only 1.8%. In-store shopping, a new outlet and a large jump in electronic/appliance stores boosted the general consumer goods group; specialty stores contributed to the gains, but family apparel started to see slowing.

Service stations followed the statewide trends posting 14% returns. Restaurants and hotel yields were due to high menu prices as well as new outlets opening furthering the gains.

Building-construction has flattened out, posting only 0.6% earnings while business industry group has a onetime spike in the comparable quarter leading to a 15% drop in this quarter.

The countywide pool was up, boosted by business-industry purchases, but the City's portion was lessened by stronger sales in other agencies in the county.

Net of aberrations, taxable sales for all of Sacramento County grew 6.9% over the comparable time period; the Sacramento region was up 6.8%.



TOP 25 PRODUCERS

- Apple
- 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 Hyundai
- Elk Grove Kia
- Elk Grove Power Sports
- Elk Grove Toyota
- Enterprise Rent A Car
- Grantline Arco
- Home Depot
- Kohls
- Lakeside AM PM
- Maita Chevrolet

- Niello BMW
- Nissan/Mazda of Elk Grove
- Shell Gas Station
- Slakey Brothers
- Target
- Walmart



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

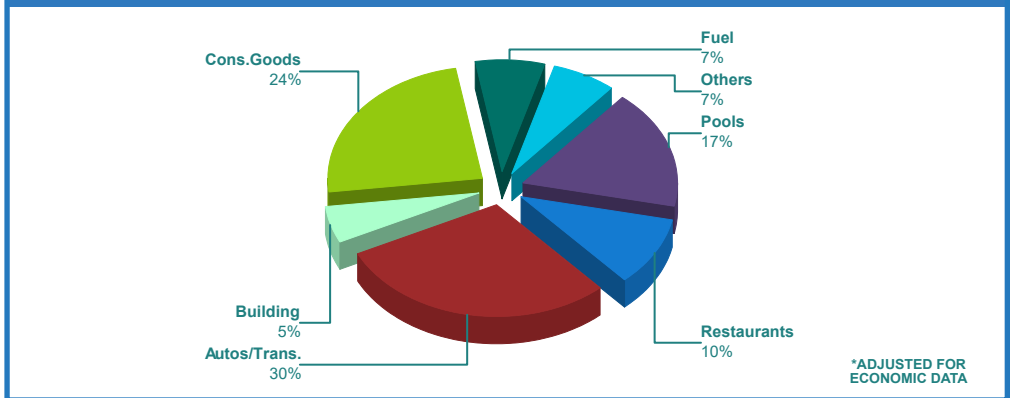
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

REVENUE BY BUSINESS GROUP
Elk Grove This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Elk Grove Business Type	Q3 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,567.3	1.3% ↑	7.0% ↑	10.0% ↑
Electronics/Appliance Stores	822.0	30.4% ↑	11.5% ↑	3.7% ↑
Service Stations	718.6	14.1% ↑	25.7% ↑	18.5% ↑
Casual Dining	515.5	10.4% ↑	9.2% ↑	10.1% ↑
Quick-Service Restaurants	357.2	8.2% ↑	0.4% ↑	4.0% ↑
Grocery Stores	178.5	0.6% ↑	1.5% ↑	3.0% ↑
Specialty Stores	161.0	10.1% ↑	-0.3% ↓	4.0% ↑
Contractors	153.0	13.7% ↑	21.4% ↑	15.5% ↑
Family Apparel	145.7	-9.8% ↓	-9.1% ↓	-1.7% ↓
Home Furnishings	120.8	5.6% ↑	-3.1% ↓	-6.2% ↓

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