

CITY OF ELK GROVE

SALES TAX UPDATE

1Q 2022 (JANUARY - MARCH)



ELK GROVE

TOTAL: \$ 9,123,567

9.7%
1Q2022



15.3%
COUNTY

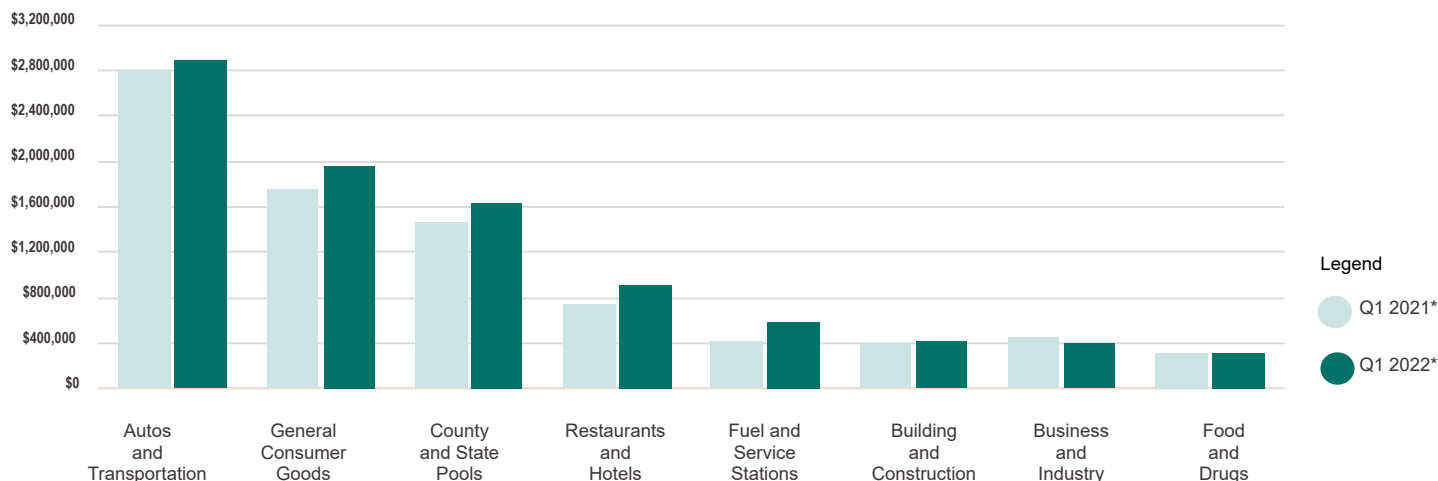


17.1%
STATE



*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 January through March were 20.2% above the first sales period in 2021. Although the deferral program ended last June, several companies made late payments, accounting for the variance. Excluding reporting aberrations, actual sales were up 9.7%.

New car sales helped drive the autos-transportation group results up despite dwindling inventory. Savvy shoppers were not daunted by the sticker shock associated with vehicle acquisitions including pricier luxury brand models. The global cost of crude oil has resulted in higher gas prices boosting revenues from service stations. Congestion on the highways from commuters and leisure travel has improved consumption from last year's decline.

New business additions helped propel

revenues in general consumer goods. While sales were solid at electronic/appliance and specialty stores, gains were lessened by home furnishing purchases. Increased allocations from the countywide use tax pool contributed to this quarter's positive results.

The restaurant-hotel group has faced ongoing challenges post pandemic with labor shortages and supply chain disruptions impacting costs. Casual eateries experienced another stellar quarter as patrons remain undeterred by rising menu prices. Quick service outlets remain a popular option, although growth was at a slower pace.

Net of aberrations, taxable sales for all of Sacramento County grew 15.3% over the comparable time period; the Sacramento region was up 13.8%.



TOP 25 PRODUCERS

- Apple
- Best Buy
- CDW Government
- 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 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

California’s local one-cent sales and use tax for sales occurring January through March was 17% higher than the same quarter one year ago, after adjusting for accounting anomalies and onetime payments from previous quarters. By all accounts, the California retail economy continues roaring along. Even with instability in the stock market, the crisis in Ukraine pushing up the global price of crude oil and the U.S. Federal Reserve Board beginning to tackle inflation with a series of rate increases, consumer spending continued at a strong pace.

The invasion of Ukraine by Russian military forces on February 24 had an immediate upward impact on the global price of crude oil due to fears of supply shortages. Subsequently this has caused a dramatic jump to California consumer gas and diesel prices at a time when many in the workforce were commuting back into offices, also contributing to an overall increase in consumption. As expected, fuel and service station receipts increased 47% over last year and show no signs of pulling back with summer travel right around the corner.

Sales of new and used vehicles continue to be robust causing the autos and transportation sector to jump 15% for the period. Inventory shortages by some dealers may have caused buyers to experience a Fear Of Missing Out (FOMO) and pay elevated prices while interest rates remained lower. Automotive brands that have committed to full electric or hybrid models are attractive with consumers, especially given the sudden rise in fuel prices.

Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning to normal and headwinds from inflation and higher cost goods haven’t yet slowed consumer demand. The stellar returns

were largely driven by discount department stores, especially those selling gas.

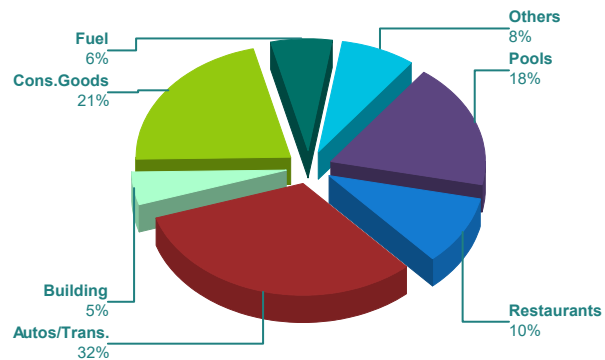
These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the summer tourism and travel season approaching, the industry is positioned to maintain post-pandemic growth and remain positive through 2022.

Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over

the comparison period. Shoppers bought a range of merchandise and spending by businesses on capital equipment remained sensational.

The first quarter sales period contributed to an already strong 2021-22 fiscal year for most municipalities statewide. However, continued inflationary pressure, soaring interest rates and record gas prices may soften growth going into 2022-23.

REVENUE BY BUSINESS GROUP
Elk Grove This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Elk Grove Business Type	Q1 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,485.0	5.1% ↑	8.8% ↑	18.7% ↑
Service Stations	577.0	40.5% ↑	42.7% ↑	43.3% ↑
Electronics/Appliance Stores	563.6	14.1% ↑	9.1% ↑	12.5% ↑
Casual Dining	480.8	39.3% ↑	51.2% ↑	55.8% ↑
Quick-Service Restaurants	306.6	4.8% ↑	6.0% ↑	7.8% ↑
Grocery Stores	168.9	-2.1% ↓	0.8% ↑	3.3% ↑
Specialty Stores	140.3	7.0% ↑	4.8% ↑	11.2% ↑
Family Apparel	126.5	4.0% ↑	-4.0% ↓	9.4% ↑
Fast-Casual Restaurants	110.4	9.0% ↑	11.1% ↑	11.4% ↑
Boats/Motorcycles	95.8	-12.8% ↓	-4.5% ↓	3.6% ↑

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*In thousands of dollars