

CITY OF SAN JACINTO

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



SAN JACINTO

TOTAL: \$ 1,181,028

-4.5%

2Q2023



-2.9%

COUNTY



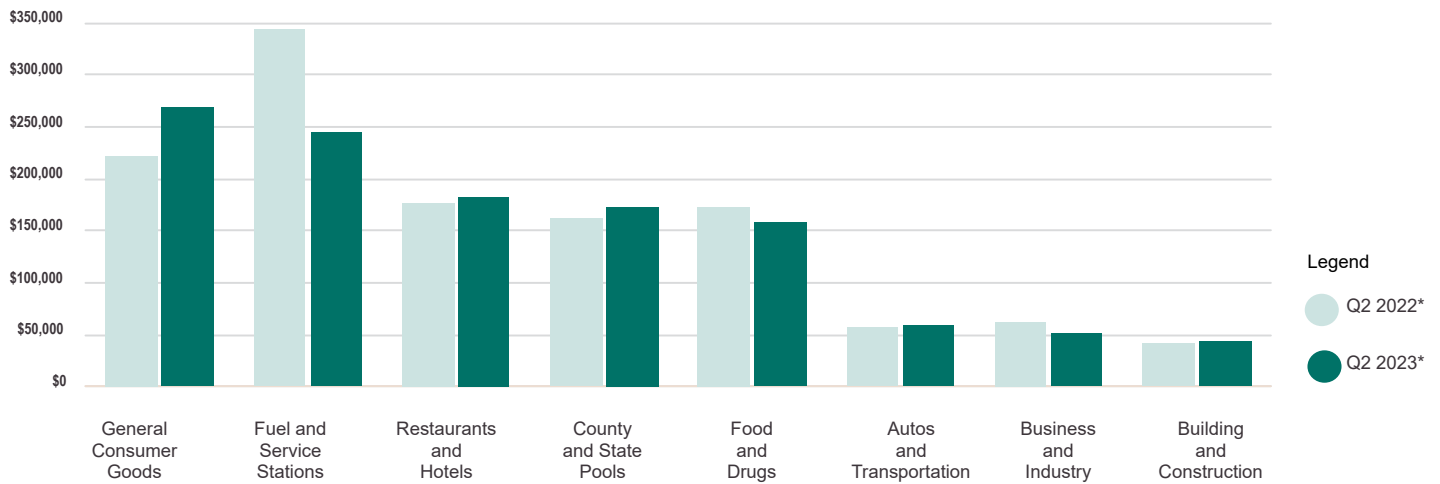
-2.9%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure V

TOTAL: \$1,927,038

↓ -2.4%



CITY OF SAN JACINTO HIGHLIGHTS

San Jacinto's receipts from April through June were 1.1% above the second sales period in 2022. Excluding reporting aberrations, actual sales were down 4.5%.

Though general consumer goods are experiencing declines as consumers pull back on discretionary purchases due to concerns about the economy, the City a positive quarterly outcome.

Fuel & service stations are now being compared to historic pricing of 2022, which led to a (29.0%) decline, is comparable to the state average. Recent substantial increases in oil and fuel pricing may change this downward

directory in the third quarter of 2023.

Countering the slowdown, restaurants, food stores, autos & transportation, and building & construction all saw small positive quarterly gains.

The City's share of the countywide use tax pool increased 6.3% when compared to the same period in the prior year. Measure V, the voter-approved transactions and use tax, generated an additional \$1,916,708 in revenue.

Net of aberrations, taxable sales for all of Riverside County declined 2.9% over the comparable time period; the Southern California region was down 2.9%.



TOP 25 PRODUCERS

- 7 Eleven
- Arco AM PM
- Blazed Utopia
- Budology
- Cardenas
- Chevron
- Circle K
- Del Taco
- Farmer Boys
- Hirsch Pipe & Supply Co
- Interstate Steel Structures
- Jack in the Box
- Lca Metal Components
- McDonalds
- Mobil Shop N Go Food Store
- Nutrien Ag Solutions
- O'Reilly Auto Parts
- Quality Turf
- Rite Aid
- San Jacinto Fastrip
- San Jacinto Shell
- Stater Bros
- T Mobile
- Walgreens
- Walmart Supercenter



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

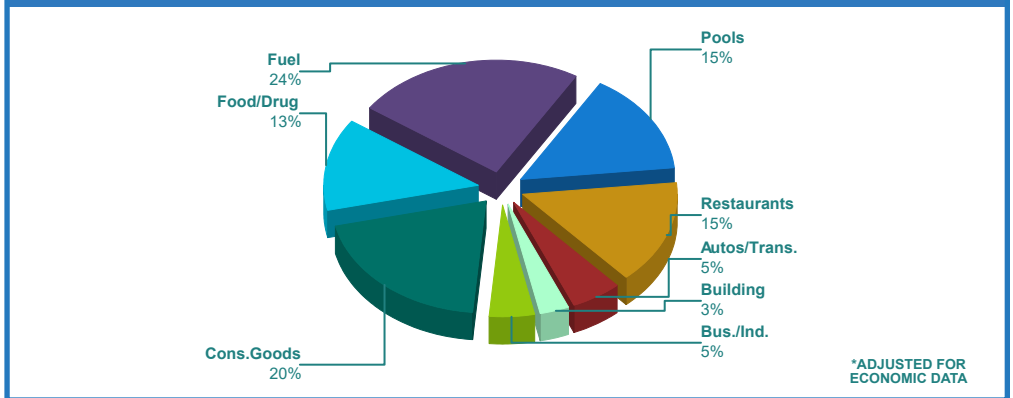
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

REVENUE BY BUSINESS GROUP San Jacinto This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

San Jacinto Business Type	Q2 '23*	Change	County Change	HdL State Change
Service Stations	244.1	-29.0% ↓	-20.2% ↓	-19.9% ↓
Quick-Service Restaurants	126.4	-5.7% ↓	3.1% ↑	3.2% ↑
Grocery Stores	65.0	0.9% ↑	0.6% ↑	2.9% ↑
Casual Dining	44.1	43.0% ↑	3.5% ↑	4.6% ↑
Automotive Supply Stores	25.4	0.5% ↑	-0.6% ↓	3.4% ↑
Auto Repair Shops	24.4	9.1% ↑	0.9% ↑	2.3% ↑
Drug Stores	23.7	-6.0% ↓	-4.2% ↓	-5.9% ↓
Convenience Stores/Liquor	23.4	-7.4% ↓	-4.3% ↓	-5.2% ↓
Contractors	21.6	12.5% ↑	3.1% ↑	-2.9% ↓
Variety Stores	17.2	47.0% ↑	-2.8% ↓	-5.6% ↓

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