

CITY OF WEST COVINA

SALES TAX UPDATE

1Q 2022 (JANUARY - MARCH)



WEST COVINA

TOTAL: \$ 5,870,284

17.3%

1Q2022



21.6%

COUNTY



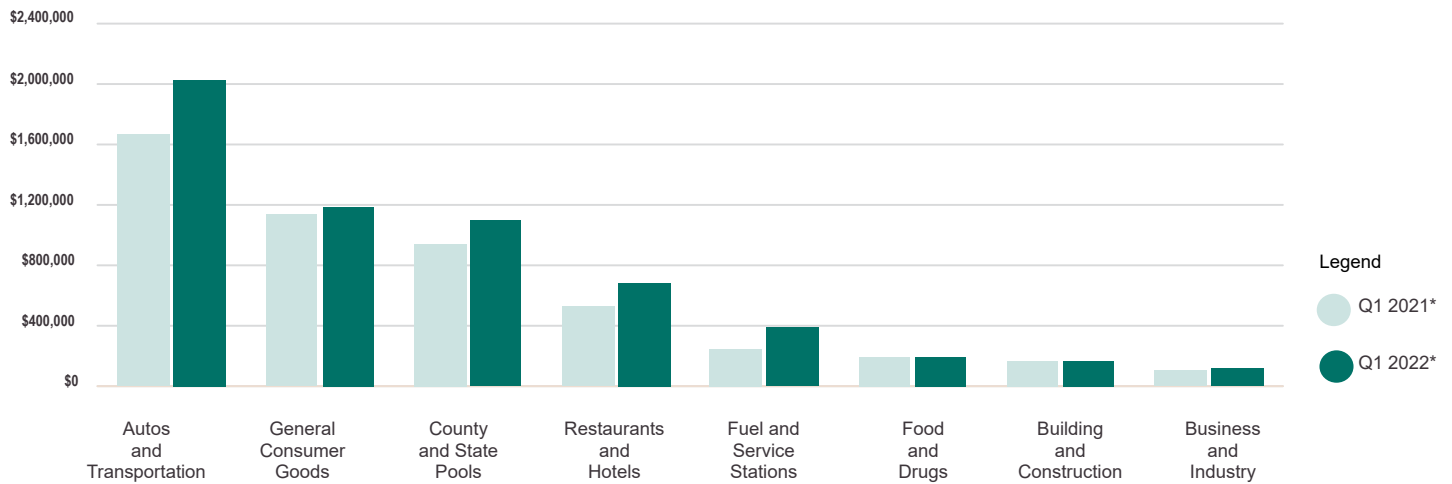
17.1%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF WEST COVINA HIGHLIGHTS

West Covina's receipts from January through March were 16.5% above the first sales period in 2021. Excluding reporting aberrations, actual sales were up 17.3%.

Continued sticker shock plus limited inventories did not diminish vehicle acquisitions; new dealership's 24% improvement also reflected more buyers deciding to stretch into pricier luxury brand models. Further, increased costs of producing and shipping auto-related parts and accessories pushed up overall totals from the autos-transportation group.

Spikes in the price of crude oil that began in late February dramatically elevated pump prices, driving up revenue from fuel and service stations.

Consumers continue to flock to their

favorite dining out establishments, despite recent menu prices hikes brought on by increased costs of wholesale food and labor.

General consumer goods reported a modest 4% growth; electronics, specialty and shoe stores were shopper's favorite retailers. A 7% rise in capital spending generated the growth from business-industry merchants.

The countywide use-tax pool was up due to business to business sales; more acquisitions of used autos plus the addition of a food delivery company's reporting also contributed to this larger allocation.

Net of aberrations, taxable sales for all of Los Angeles County grew 21.6% over the comparable time period; the Southern California region was up 19.2%.



TOP 25 PRODUCERS

- 76
- Arco
- Ashley Furniture Homestore
- Audi West Covina
- Azusa Arco
- Best Buy
- Crestview Cadillac
- Daimler Trust
- Envision Chrysler
- Dodge Jeep Ram Of West Covina
- Envision Toyota Of West Covina
- Floor & Decor
- Home Depot
- Macy's
- Mercedes Benz Of West Covina
- Norm Reeves Honda
- Performance Ford
- Plug In Auto
- Reynolds Buick
- Ross
- Stater Bros
- Target
- Tow Industries
- Triples Chevron
- Walmart Supercenter
- West Covina Nissan



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.

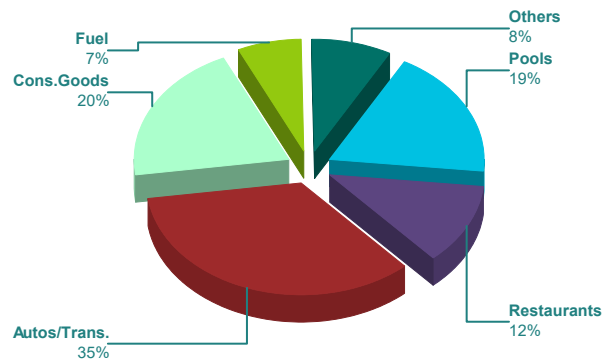
These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the 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
West Covina This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

West Covina Business Type	Q1 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,656.4	24.0% ↑	27.7% ↑	18.7% ↑
Service Stations	392.0	55.1% ↑	45.7% ↑	43.3% ↑
Casual Dining	315.2	61.8% ↑	67.7% ↑	55.8% ↑
Quick-Service Restaurants	307.8	7.9% ↑	10.0% ↑	7.8% ↑
Auto Lease	179.9	-7.2% ↓	-6.3% ↓	-7.5% ↓
Electronics/Appliance Stores	156.2	4.5% ↑	9.4% ↑	12.5% ↑
Family Apparel	152.7	1.4% ↑	13.3% ↑	9.4% ↑
Specialty Stores	146.0	11.3% ↑	11.9% ↑	11.2% ↑
Home Furnishings	121.0	-6.1% ↓	-0.1% ↓	1.0% ↑
Grocery Stores	108.0	1.2% ↑	4.5% ↑	3.3% ↑

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*In thousands of dollars