

CITY OF WEST COVINA

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



WEST COVINA

TOTAL: \$ 6,178,467

4.0%
3Q2022



7.3%
COUNTY

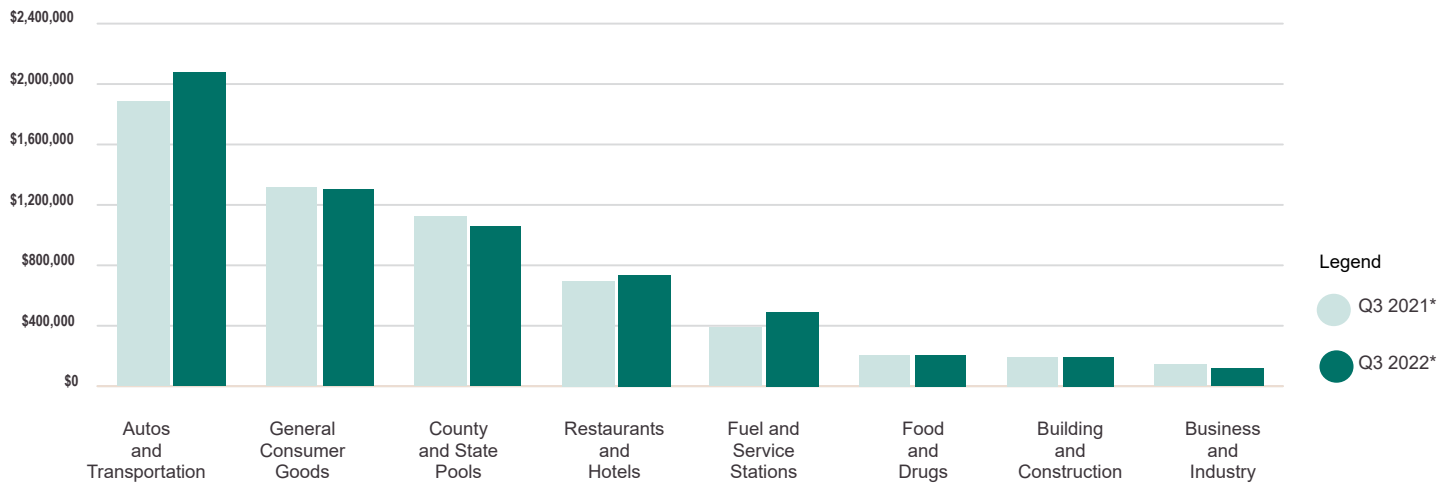


8.0%
STATE



**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 July through September were 1.2% below the third sales period in 2021. Excluding reporting aberrations, actual sales were up 4.0%.

Much of the overall economic based increase in sales tax dollars came from autos-transportation as returns grew 11%; new vehicle sellers paced this positive news as buyers continued pursuit of luxury brands and models. Further, results in this sector reflected both a dealership closure and a new opening.

Summer 2022 saw service station's returns 26% above year ago totals; price spikes which began last March extended into this period where consumers had to fork over more cash to fill up their tanks. Patron were not deterred by menu price increases; 6% growth materialized from casual dining eateries.

Mixed results came from various segments within general consumer goods; some sectors were deemed confidential; notably, shoppers pulled back on spending in apparel and home furnishings. A modest decline from suppliers caused building-construction comparisons to be 1% lower.

Other agencies within Los Angeles County posted greater tax returns from local merchants; the result was a proportional reduction coming via use tax pool allocations for this quarter.

Net of aberrations, taxable sales for all of Los Angeles County grew 7.3% over the comparable time period; the Southern California region was up 8.1%.



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
- Portos Bakery
- Reynolds Buick
- Ross
- Stater Bros
- Target
- Tow Industries
- Triples Chevron
- Walmart Supercenter



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.

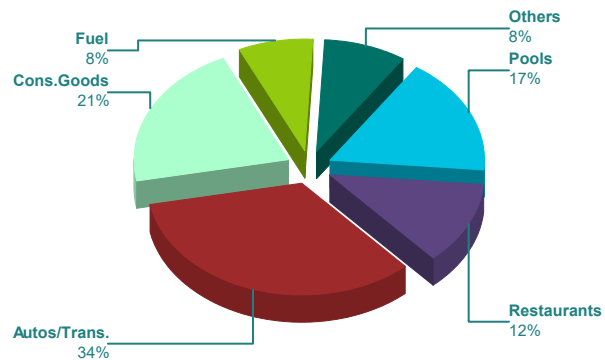
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

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 West Covina This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

West Covina Business Type	Q3 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,668.0	7.4% ↑	11.4% ↑	9.9% ↑
Service Stations	486.8	25.9% ↑	19.1% ↑	18.4% ↑
Quick-Service Restaurants	327.3	2.1% ↑	5.4% ↑	4.0% ↑
Casual Dining	323.5	6.2% ↑	11.7% ↑	10.1% ↑
Family Apparel	187.6	-4.1% ↓	-3.5% ↓	-1.7% ↓
Auto Lease	171.9	-11.2% ↓	-12.3% ↓	-13.6% ↓
Specialty Stores	158.6	9.6% ↑	3.3% ↑	4.0% ↑
Electronics/Appliance Stores	149.6	-0.7% ↓	0.4% ↑	3.7% ↑
Grocery Stores	118.0	3.9% ↑	2.6% ↑	3.0% ↑
Home Furnishings	100.8	-26.3% ↓	-9.8% ↓	-6.2% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars