

CITY OF TUSTIN

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



TUSTIN

TOTAL: \$ 9,803,121

10.4%
4Q2022



4.6%
COUNTY

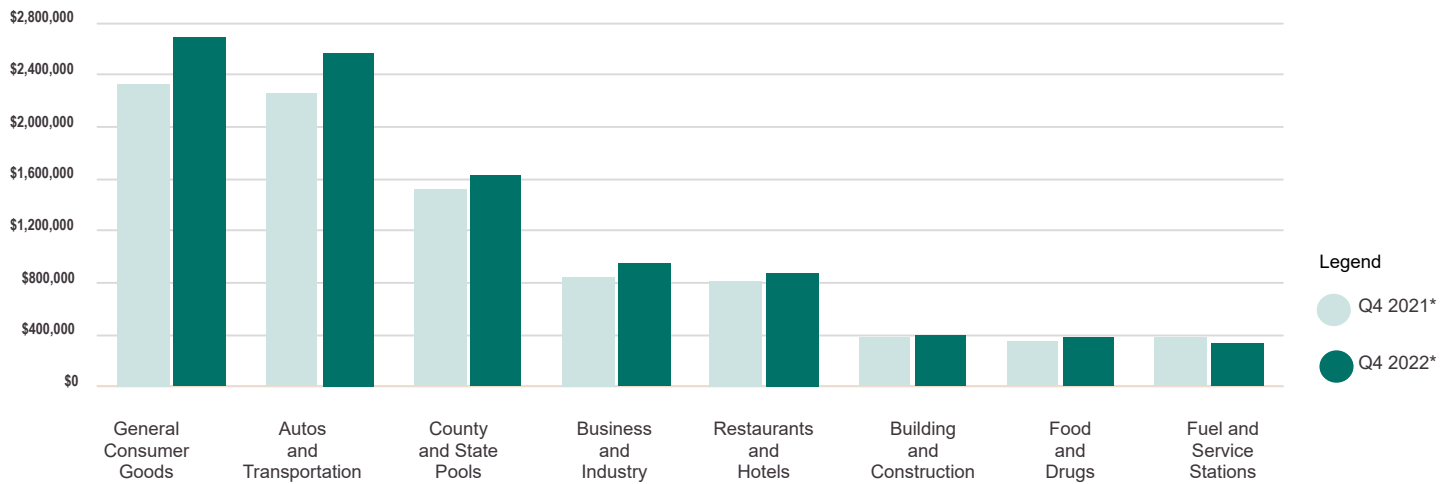


4.7%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF TUSTIN HIGHLIGHTS

Tustin's receipts from October through December were 10.2% above the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 10.4%.

Despite continued high inflation and higher financing costs, consumers boosted the City's two largest business sectors, auto & transportation, and general consumer goods to positive gains for the eighth consecutive quarter. New car sales surged 18%, far outpacing the statewide trend of 7% growth.

Business & industry continued its favorable quarterly gain as businesses continued with purchases of capital equipment and rentals allowing the sector to end with a 3.2% growth over the same prior year period. Building & construction followed with positive gains as consumers continued with

home improvement projects and remodels.

Patrons continued to enjoy the ability to be outside after the extended pandemic lockdowns, as seen by the strong quarterly results for the restaurant & hotels sector. Even with higher menu prices, due primarily to inflationary costs of labor and food, the guests continued to dine-in and take-out food pushing the sector to a 7.0% increase for the quarter.

The City's share of the countywide use tax pool increased 6.0% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Orange County grew 4.6% over the comparable time period; the Southern California region was up 5.1%.



TOP 25 PRODUCERS

- AutoNation Ford
- AutoNation Infiniti
- Best Buy
- Costco
- Dce
- Home Depot
- Jewelry Exchange
- Lowes
- Micro Center
- Musco Sports Lighting
- Nissan of Tustin
- Nordstrom Rack
- REI
- Target
- TJ Maxx
- Toshiba America Medical System
- Total Wine & More
- Toyota Lease Trust
- Tustin Acura
- Tustin Buick Gmc
- Tustin Cadillac
- Tustin Chrysler Jeep Dodge
- Tustin Hyundai/Mazda
- Tustin Lexus
- Tustin Toyota



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 4.7% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing it’s greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-construction sector.

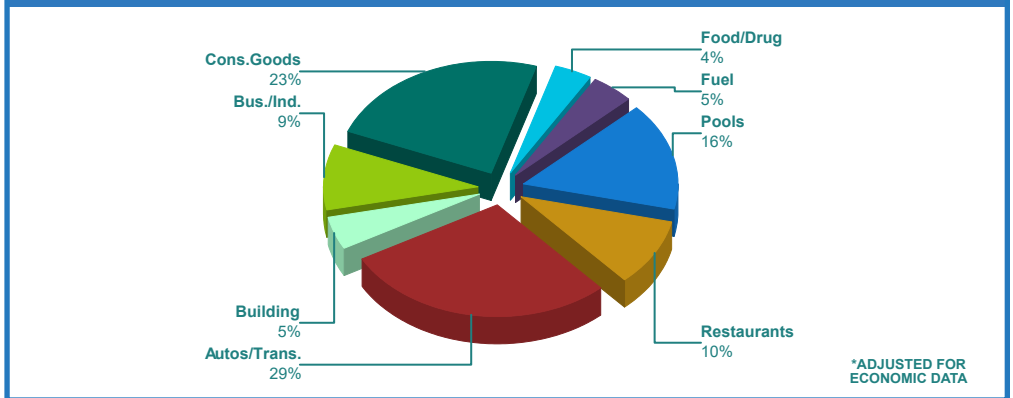
With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency’s coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller’s payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California’s taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP Tustin This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Tustin Business Type	Q4 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,241.1	18.5% ↑	17.5% ↑	12.5% ↑
Casual Dining	471.5	9.1% ↑	5.2% ↑	8.1% ↑
Service Stations	329.9	-12.0% ↓	0.4% ↑	7.5% ↑
Quick-Service Restaurants	277.5	2.6% ↑	5.4% ↑	5.7% ↑
Family Apparel	275.9	3.5% ↑	-0.4% ↓	-0.9% ↓
Building Materials	270.7	-9.4% ↓	0.1% ↑	2.1% ↑
Specialty Stores	185.2	5.5% ↑	0.0% ↓	1.9% ↑
Grocery Stores	177.7	8.4% ↑	6.9% ↑	6.2% ↑
Medical/Biotech	176.7	33.5% ↑	3.9% ↑	1.4% ↑
Sporting Goods/Bike Stores	173.3	-3.6% ↓	-7.1% ↓	-4.3% ↓

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