

CITY OF RIVERSIDE

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



RIVERSIDE

TOTAL: \$ 23,325,847

4.2%

4Q2022



5.7%

COUNTY



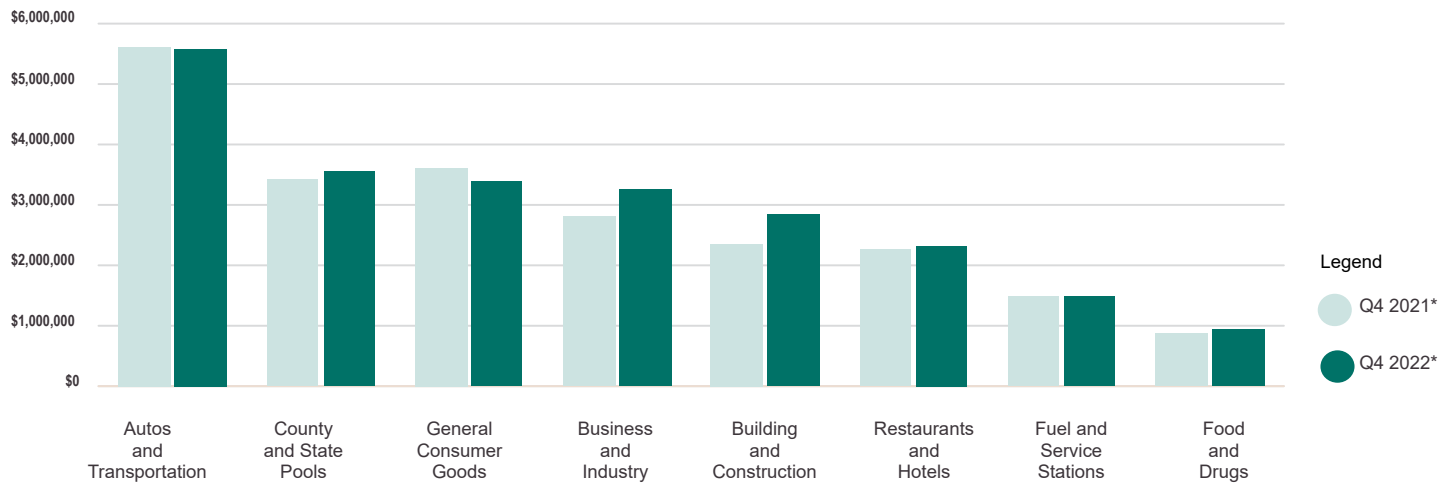
4.7%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure Z

TOTAL: \$21,778,418

↑ 2.8%



CITY OF RIVERSIDE HIGHLIGHTS

Riverside's receipts from October through December were 2.2% above the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 4.2%.

New car dealers surpassed the countywide trend with solid sales at a time when average car pricing had reached an all-time high and financing costs were challenging. This helped to offset the sluggish sales for used vehicles and boats/motorcycles. Fuel sales volume dipped for a modest increase.

The building-construction sector's strong sales in building materials, plumbing-electrical supplies, and contractor activity generated the largest gain this period. As a result, elevated mortgage rates could help boost this sector in future quarters as homeowners opt to invest in maintenance or improvement projects.

Business-industry results reflect continued investment in capital equipment/supplies.

Weaker sales within retail as pricing pressures on essentials such as food and energy, moderated enthusiasm for consumer goods. Restaurants reported nominal gains during the holiday timeframe as patrons still found dining out desirable even with rising menu prices.

Measure Z delivered positive results with improved building activity from contractors and plumbing-electrical projects plus new vehicles purchased/registered in the City and service station receipts.

Net of aberrations, taxable sales for all of Riverside County grew 5.7% over the comparable time period; the Southern California region was up 5.1%.



TOP 25 PRODUCERS

Arco AM PM
Best Buy
BMW of Riverside
Carmax
Champion Lumber
Dutton Cadillac, Buick, Pontiac, GMC
Foundation Building Materials
Fritts Ford
Greentech Renewables
Home Depot
Jaguar Riverside & Land Rover Riverside
Lexus of Riverside
Moss Bros Chrysler
Dodge Jeep Fiat

Nordstrom Rack
Quinn CAT Company
Riverside Chevrolet
Riverside Honda
Riverside Volkswagen
Sams Club w/ Fuel
Stater Bros
Target
Tesla Motors
Toyota of Riverside
Walmart Supercenter
Walters Audi



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-

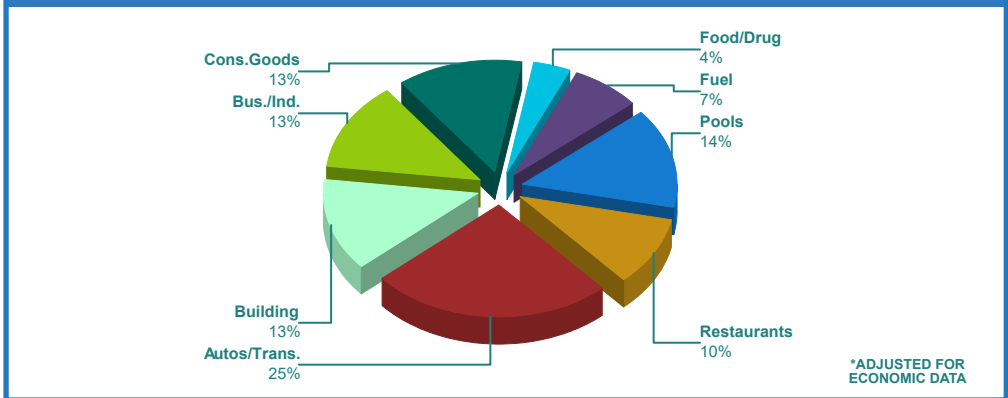
construction sector. With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

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
Riverside This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Riverside Business Type	Q4 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	3,793.1	5.1% ↑	5.0% ↑	12.5% ↑
Service Stations	1,485.1	1.2% ↑	4.2% ↑	7.6% ↑
Plumbing/Electrical Supplies	1,246.5	35.4% ↑	19.6% ↑	7.2% ↑
Building Materials	1,136.4	9.8% ↑	-0.7% ↓	2.1% ↑
Quick-Service Restaurants	994.6	-0.1% ↓	5.0% ↑	5.7% ↑
Casual Dining	934.2	4.3% ↑	4.5% ↑	8.1% ↑
Grocery Stores	580.1	11.1% ↑	8.2% ↑	6.2% ↑
Family Apparel	450.8	-0.9% ↓	-0.9% ↓	-1.0% ↓
Used Automotive Dealers	425.5	-26.3% ↓	-22.7% ↓	-18.3% ↓
Auto Lease	410.2	-16.6% ↓	-12.0% ↓	-11.0% ↓

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