

# CITY OF RIVERSIDE

## SALES TAX UPDATE

### 1Q 2023 (JANUARY - MARCH)



#### RIVERSIDE

TOTAL: \$ 20,755,130

-1.7%

1Q2023



-1.5%

COUNTY



-1.1%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure Z

TOTAL: \$19,471,558

↓ -2.4%



#### CITY OF RIVERSIDE HIGHLIGHTS

Riverside's receipts from January through March were 0.9% below the first sales period in 2022. Excluding reporting aberrations, actual sales were down 1.7%.

A large, onetime use tax payment in the year ago period temporarily reduced receipts from the auto-transportation sector. Spending in the general consumer goods category is trending downward as consumers remain cautious, while the country has so far avoided a recession.

A spike in lumber prices in the first quarter of 2023 resulted in a decrease in overall totals, as buyers and builders put off making large purchases. Consumers enjoyed lower prices at the pump in 1Q23; however, revenue from fuel-service stations was negatively impacted.

Restaurants continued to see a decrease in activity for in-person dining, but higher

menu prices combined with food delivery resulted in overall positive results for restaurants-hotels.

The business-industry sector reported a strong sales quarter, with overall revenue up 10.0% when compared to last year. As inflation drives out-of-home food prices up, value grocery formats are benefiting, with visits to discount grocers rising in the face of increases in food prices.

The City's share of the countywide use tax pool increased 0.4% when compared to the same period in the prior year. The City's voter-approved transactions and use tax brought in an additional \$19,382,888 in revenue.

Net of aberrations, taxable sales for all of Riverside County declined 1.5% over the comparable time period; the Southern California region was down 0.8%.



#### TOP 25 PRODUCERS

Arco AM PM  
Best Buy  
BMW of Riverside  
Carmax  
Dch Subaru of Riverside  
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 January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

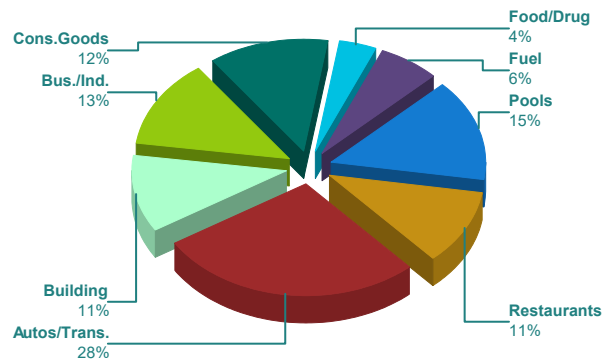
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

### REVENUE BY BUSINESS GROUP Riverside This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Riverside Business Type	Q1 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	3,800.3	3.5% ↑	-3.8% ↓	0.8% ↑
Service Stations	1,327.1	-11.6% ↓	-11.4% ↓	-9.8% ↓
Plumbing/Electrical Supplies	1,088.5	6.3% ↑	0.2% ↑	-4.3% ↓
Casual Dining	954.1	5.9% ↑	8.0% ↑	9.7% ↑
Quick-Service Restaurants	951.3	0.9% ↑	5.0% ↑	5.1% ↑
Building Materials	837.5	-33.0% ↓	-12.6% ↓	-9.7% ↓
Used Automotive Dealers	556.0	-13.0% ↓	-19.3% ↓	-10.9% ↓
Grocery Stores	510.5	6.5% ↑	5.7% ↑	5.4% ↑
Auto Lease	394.8	-12.1% ↓	-2.0% ↓	-6.9% ↓
Contractors	334.4	-0.3% ↓	-13.6% ↓	-12.6% ↓

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\*In thousands of dollars