

CITY OF SAN MARCOS

SALES TAX UPDATE

2Q 2022 (APRIL - JUNE)



SAN MARCOS
TOTAL: \$ 5,840,611

15.3%
2Q2022



13.5%
COUNTY

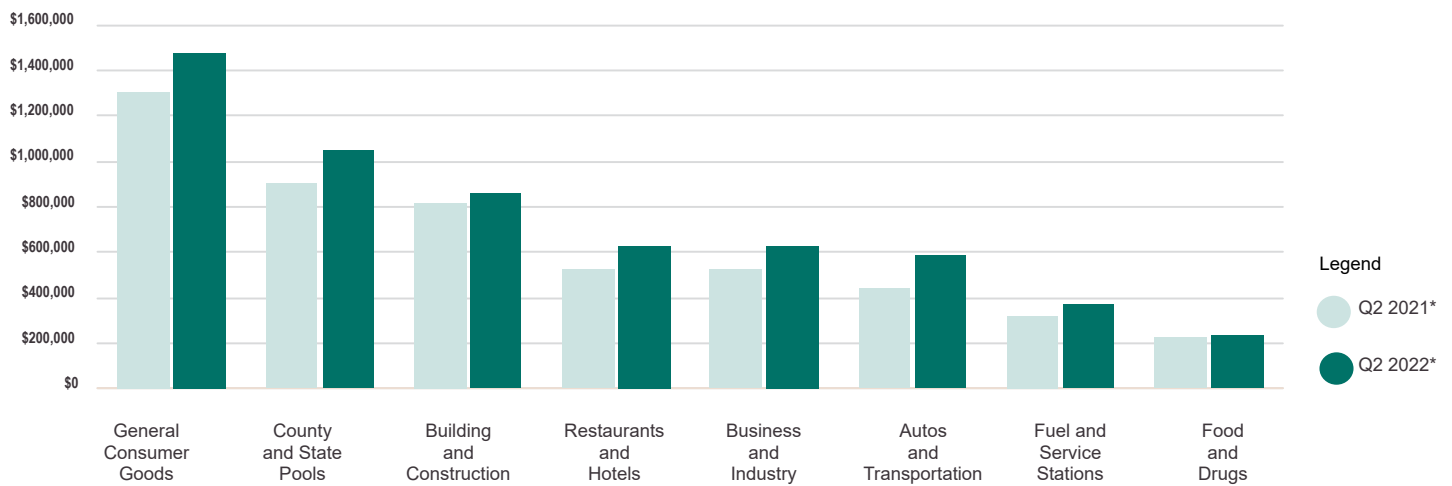


10.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF SAN MARCOS HIGHLIGHTS

San Marcos' receipts from April through June were 8.4% above the second sales period in 2021. Excluding reporting aberrations, actual sales were up 15.3%.

The general consumer goods category posted a 13% increase in tax receipts compared to last year, significantly exceeding the 3% statewide growth trend, boosted by the recent opening of a major new retailer in San Marcos.

Auto and transportation related receipts also rebounded. New restaurant openings lifted the casual dining and fast-food restaurant groups.

Tax receipts from local service stations continued to advance, propelled by the sky-high gasoline prices. Allocations from the countywide use-tax pool also gained 16%, lifted by strong business and industrial activity across the region.

Net of aberrations, taxable sales for all of San Diego County grew 13.5% over the comparable time period; the Southern California region was up 11.1%.



TOP 25 PRODUCERS

ABC Supply Co
Albertsons
Ashley Furniture Homestore
Aztec Technology
Best Buy
Biggs Harley Davidson
Chevron
Circle K 76
Costco
Crop Production Services
Holland Motor Homes
Holland RV
Home Depot
Hughes Water & Sewer
Jerome's
KRC Rock
Marshall's
Modern Builders Supply

Nordstrom Rack
Pacific Pipeline Supply
Ralphs
Roofing Wholesale
Ross
San Marcos Mobil
Walmart



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring April through June was 10% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark the sixth consecutive quarter of double-digit growth since the pandemic periods in 2020, with the July-June 2022 fiscal year up 15%.

Commuters returning to offices combined with the Russia-Ukraine conflict continuing to put upward pressure on oil prices and left Californians facing the highest average price per gallon on record resulting in fuel and service station receipts 42% higher than last year. While statewide fuel consumption still trails 2019 levels, local gas prices are expected to remain high until after the summer blend period.

Led by consumer's desire to dine out, a steady rise in tourism and business travel, higher menu prices and great weather, the restaurant sector continues to flourish. Theme parks, entertainment venues and hotels showed the strongest growth with casual dining establishments remaining solid, a trend likely to remain through 2022.

The automobile sector experienced modest gains for new car dealers and rental car vendors, however sales of used autos and leasing activity has begun to cool. Brands prioritizing full electric and hybrid models still appear to be the most attractive with consumers, however increased financing rates may cause even their activity to dampen. Tight inventories that contributed to dramatic price increases over the last 18 months are also showing signs of loosening as newer models are released

in greater numbers.

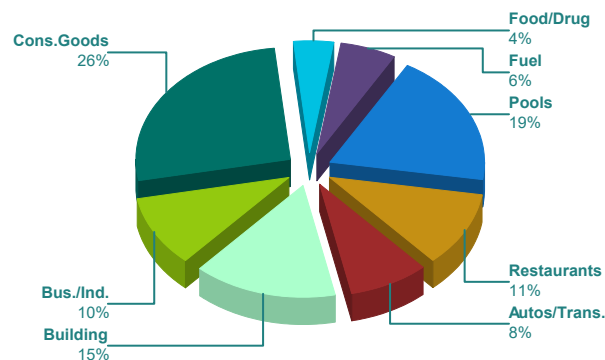
General consumer goods categories saw steady returns largely propped up by retailers also selling fuel. In comparison with the prior year when consumers were buying merchandise at a record pace, the current returns from apparel and jewelry stores grew moderately with home furnishings showing a slight decrease.

With new housing starts accelerating and residential and commercial property values rising, construction contractors remain busy. Lumber prices have softened from prior year highs leaving material suppliers with modest gains, however electrical, plumbing and energy

suppliers boosted building sector results. Increased investment in capital equipment remains an important area of growth for county pool allocations, especially as online spending for general consumer goods begins to flatten as consumers return to in-store shopping.

Overall, higher priced goods through periods of consistent demand have led to economic inflation. The Federal Reserve Board's recent actions to curb inflation are anticipated to put downward pressure on auto sales, building materials and financed general consumer goods, resulting in slower growth by year end and into 2023.

REVENUE BY BUSINESS GROUP San Marcos This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

San Marcos Business Type	Q2 '22*	Change	County Change	HdL State Change
Building Materials	510.2	0.3% ↑	4.1% ↑	2.9% ↑
Service Stations	352.5	20.6% ↑	28.2% ↑	36.4% ↑
Casual Dining	295.4	21.2% ↑	17.7% ↑	17.3% ↑
Home Furnishings	257.1	10.7% ↑	1.0% ↑	-4.6% ↓
Quick-Service Restaurants	249.6	13.7% ↑	9.9% ↑	5.2% ↑
Contractors	220.2	10.1% ↑	10.7% ↑	13.9% ↑
Grocery Stores	142.0	2.4% ↑	5.2% ↑	5.3% ↑
Electronics/Appliance Stores	137.7	0.7% ↑	15.1% ↑	-0.8% ↓
Garden/Agricultural Supplies	116.2	10.7% ↑	6.1% ↑	-7.6% ↓
Plumbing/Electrical Supplies	116.0	22.1% ↑	27.0% ↑	17.6% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars