

CITY OF EL MONTE

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



EL MONTE

TOTAL: \$ 6,007,239

3.2%

4Q2022



4.0%

COUNTY



4.7%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure EM

TOTAL: \$1,825,180

↑ 3.5%



CITY OF EL MONTE HIGHLIGHTS

El Monte's receipts from October through December were 0.4% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 3.2%.

Growth in most of the major industry groups have been slowing for the past four quarters. The City experienced the most growth in its largest sector, autos & transportation, including new motor vehicles.

Receipts from general merchandise, contractors, plumbing/electrical, and heavy industrial/printers all saw boosted sales. There was continued strength in the restaurants & hotels group, led by a boost in quick service restaurants; however, the industry is beginning to see slowing foot traffic and the staffing crisis is impacting the ability to provide outstanding service at a

time when this attribute is key to a positive and expected customer experience.

Returns from auto repair shops, used automotive dealers, business & industry, including the state & county pools declined and overall combined to see quarterly net gain.

Measure EM, the City's voter approved transaction tax, grew 3.5%. This was largely due to strong demand for new autos among local residents, purchased both in and outside of El Monte.

Net of aberrations, taxable sales for all of Los Angeles County grew 4.0% over the comparable time period; the Southern California region was up 5.1%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|----------------------------|
| 5 Points Exhibits | Home Depot |
| Airgas | Longo Lexus |
| Arco | Longo Toyota & Longo Scion |
| Car Pros Honda El Monte | Packs |
| Cardinaleway Hyundai Of El Monte | Ramona Arco |
| Catalyst El Monte | Sams Club w/ Fuel |
| Chevron | Sus Amigos Auto Center |
| CVS Pharmacy | T & L Granite |
| D R Office Works | Countertop Warehouse |
| dd's Discounts | Toyota Lease Trust |
| El Monte Nissan | United Oil |
| Element Vape | WSS |
| Food 4 Less | |
| Ganas Auto | |



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.

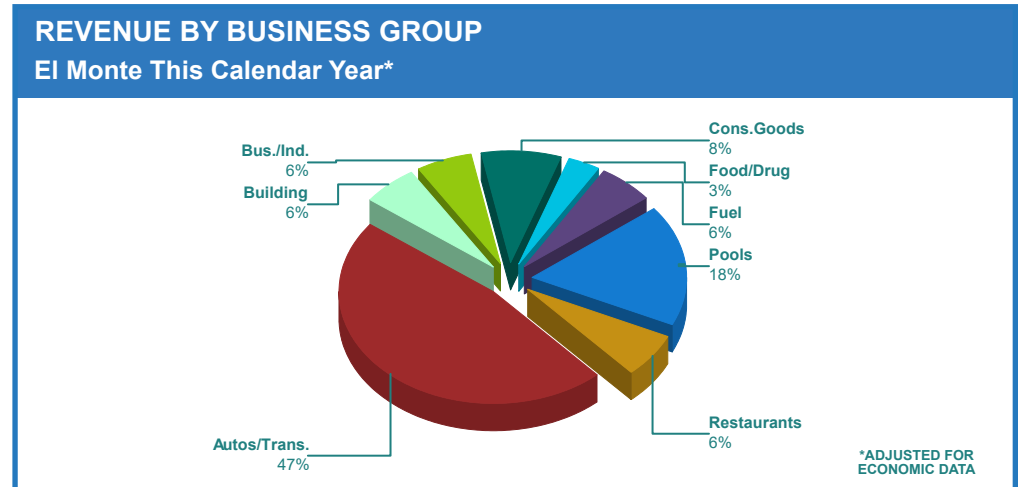
Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV 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.



TOP NON-CONFIDENTIAL BUSINESS TYPES

El Monte Business Type	Q4 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,243.1	10.9% ↑	12.0% ↑	12.5% ↑
Service Stations	304.4	3.0% ↑	9.8% ↑	7.5% ↑
Quick-Service Restaurants	220.8	4.2% ↑	6.3% ↑	5.7% ↑
Used Automotive Dealers	141.6	-17.2% ↓	-12.2% ↓	-18.4% ↓
Casual Dining	128.8	-0.6% ↓	10.9% ↑	8.2% ↑
Grocery Stores	75.9	7.7% ↑	7.2% ↑	6.2% ↑
Contractors	69.8	25.2% ↑	9.8% ↑	11.7% ↑
Office Supplies/Furniture	58.6	85.3% ↑	-23.0% ↓	1.0% ↑
Convenience Stores/Liquor	55.5	-5.6% ↓	3.0% ↑	0.9% ↑
Auto Repair Shops	54.3	-44.5% ↓	6.5% ↑	6.4% ↑

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