

CITY OF MORENO VALLEY

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



MORENO VALLEY

TOTAL: \$ 9,257,952

6.3%
3Q2022



10.7%
COUNTY

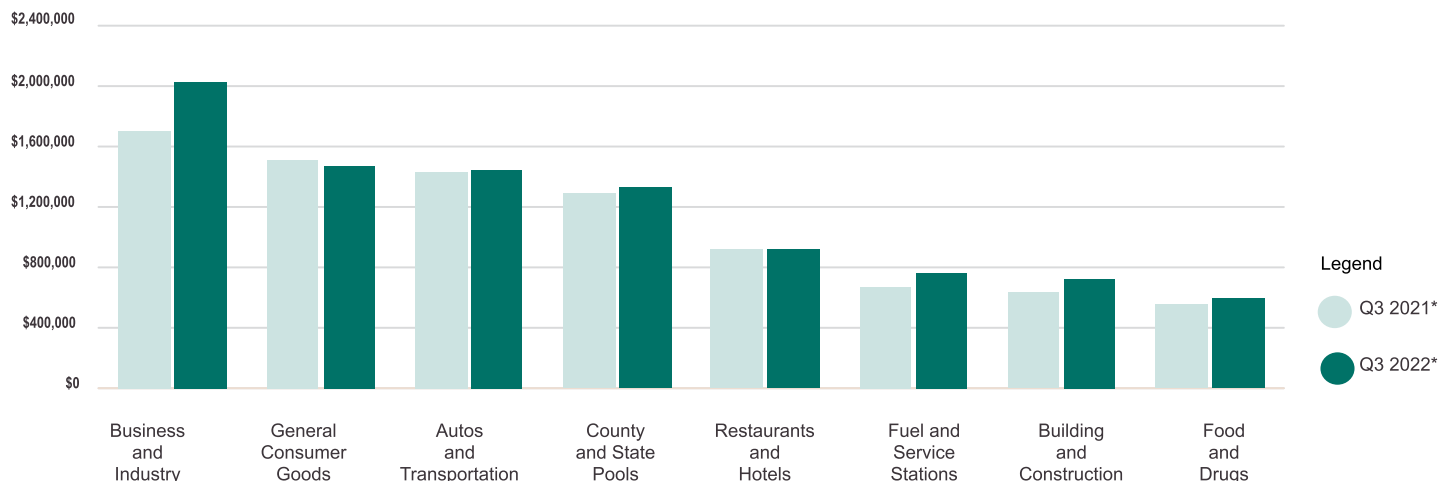


8.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF MORENO VALLEY HIGHLIGHTS

Moreno Valley's receipts from July through September were 3.4% above the third sales quarter in 2021. Excluding reporting adjustments, which include late payments affecting both periods, receipts for the period were up 6.3%.

The business and industry group's main activity comprises of retail sales of equipment and supplies for both commercial and residential use. Results this quarter were very favorable, showing that the economy overall still has strength despite the effects of inflation. In addition, even new car sales rose despite the varied and mixed results among the dealers and the steep prices being charged.

High gas prices had the obvious effect of generating more receipts this period and likely trimmed spending on general consumer goods as households made

choices over what to spend their money on now as everything costs more. The fact that sales grew so much last year when consumers had lots of savings and stimulus funds available is also a factor in how this period compares to the prior year.

After a brief dip in activity in the comparison quarter, construction activity appears to be picking up.

The City's allocation from the use tax pool rose as the pool itself saw a 10% jump in tax revenue which was mostly related to ongoing capital outlay taking place around the county.

Net of adjustments, taxable sales for all of Riverside County grew 10.7% over the comparable time period while those of the Southern California region were up 8.1%.



TOP 25 PRODUCERS

- 7 Eleven
- Amazon Com Services
- Amazon MFA
- Car Pros Kia Moreno Valley
- Chevron
- Circle K
- Costco
- Deckers Outdoor
- Floor & Decor
- Food 4 Less
- Harbor Freight Tools
- Home Depot
- Hyundai of Moreno Valley
- Lowe's
- Moss Bros Buick GMC
- Moss Bros Chevrolet
- Moss Bros Chrysler
- Jeep Dodge Ram Fiat
- Moss Bros Honda
- Moss Bros Toyota
- Robertsons Ready Mix
- Ross
- Stater Bros
- Target
- Volkswagen of Moreno Valley
- Walmart Supercenter



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

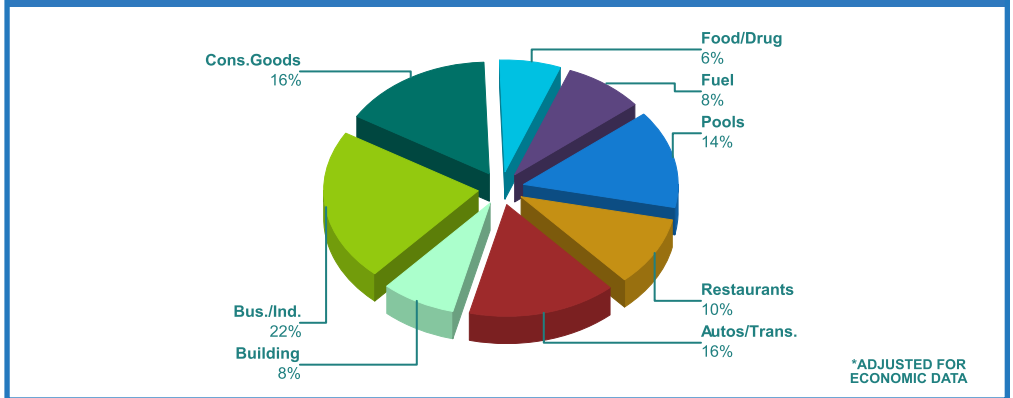
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

REVENUE BY BUSINESS GROUP
Moreno Valley This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Moreno Valley Business Type	Q3 '22*	Change	County Change	HdL State Change
Fulfillment Centers	1,827.7	20.9% ↑	47.4% ↑	11.9% ↑
New Motor Vehicle Dealers	1,147.9	1.3% ↑	6.3% ↑	9.9% ↑
Service Stations	754.8	11.5% ↑	14.5% ↑	18.6% ↑
Building Materials	496.1	-2.3% ↓	6.2% ↑	2.8% ↑
Quick-Service Restaurants	482.5	-0.6% ↓	1.4% ↑	4.0% ↑
Grocery Stores	345.8	12.7% ↑	4.8% ↑	3.1% ↑
Casual Dining	321.8	6.1% ↑	3.7% ↑	10.1% ↑
Family Apparel	198.6	-3.6% ↓	-5.2% ↓	-1.7% ↓
Automotive Supply Stores	118.1	-0.2% ↓	4.3% ↑	5.3% ↑
Fast-Casual Restaurants	106.4	-1.6% ↓	2.1% ↑	6.1% ↑

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*In thousands of dollars