

CITY OF MORENO VALLEY

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



MORENO VALLEY

TOTAL: \$ 10,499,554

4.2%
4Q2022



5.7%
COUNTY

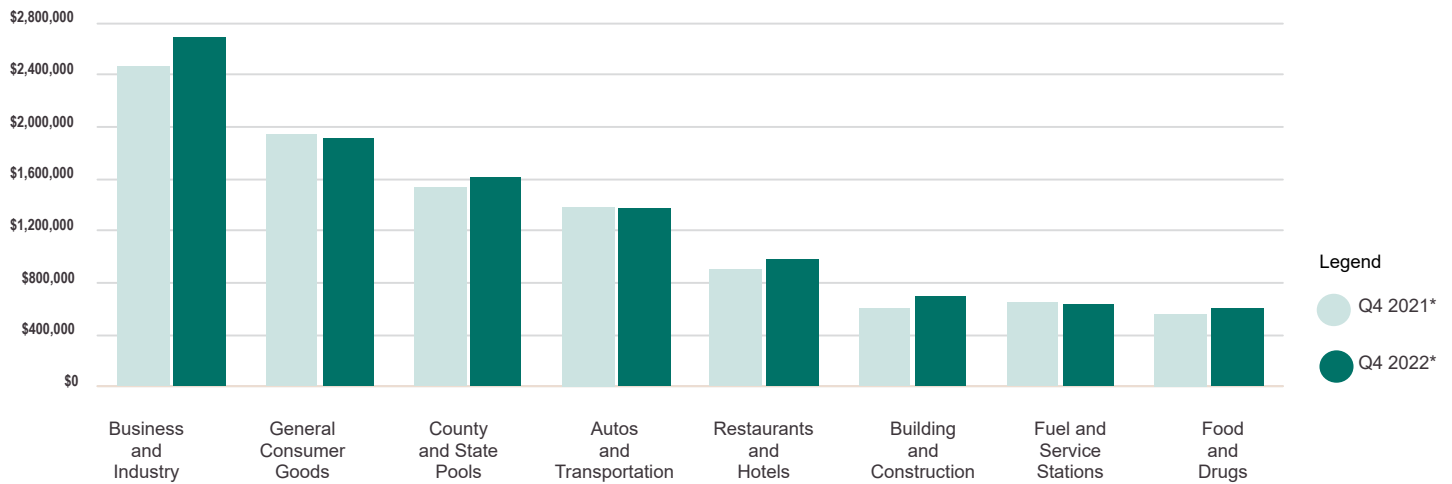


4.7%
STATE



**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 October through December were 2.7% above the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 4.2%.

The largest sector, business-industry, continued to experience solid growth also helping to propel countywide pool receipts. This helped to offset some of the weaker sales in other groups as pricing pressures for food and energy coupled with the actions taken by Fed policy makers may have cooled consumer demand.

Whether it was eating out at a sit-down restaurant to celebrate the holiday season or enjoy the convenience of take-out or delivery from a quick service option, patrons boosted receipts even with rising menu prices. Recent reports indicate some slowdown may

be forthcoming as customers evaluate the frequency with which they dine out or select more reasonably priced menu items.

After record levels seen earlier in the year, prices at the pump have declined for lower fuel-service station sales and less demand is anticipated in calendar year 2023. Auto sales reported lower results as new motor vehicle sales couldn't match the record levels posted last year. Shoppers moved away from general consumer goods purchases as priorities shifted to travel or paying for essentials.

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

- Amazon Com Services
- Amazon MFA
- Car Pros Kia Moreno Valley
- Chevron
- Circle K
- Costco
- Deckers Outdoor
- Food 4 Less
- Harbor Freight Tools
- Home Depot
- Hyundai of Moreno Valley
- Lowe's
- Macy'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
- TJ Maxx/Home Goods
- Volkswagen of Moreno Valley
- Walmart Supercenter



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 electronic/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.

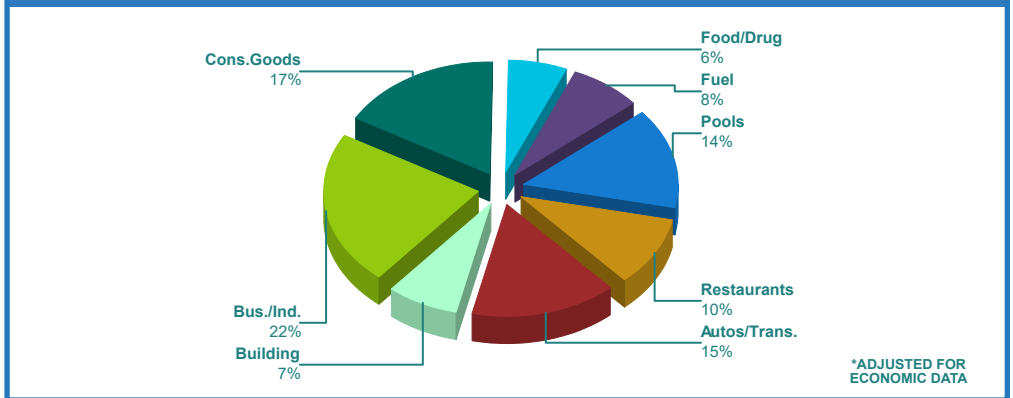
With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

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 Moreno Valley This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Moreno Valley Business Type	Q4 '22*	Change	County Change	HdL State Change
Fulfillment Centers	2,516.2	10.0% ↑	13.4% ↑	10.5% ↑
New Motor Vehicle Dealers	1,064.6	-3.0% ↓	5.0% ↑	12.5% ↑
Service Stations	634.7	-3.0% ↓	4.2% ↑	7.6% ↑
Quick-Service Restaurants	507.9	5.8% ↑	5.0% ↑	5.7% ↑
Building Materials	462.8	0.9% ↑	-0.7% ↓	2.1% ↑
Casual Dining	354.1	14.3% ↑	4.5% ↑	8.1% ↑
Grocery Stores	335.9	12.5% ↑	8.2% ↑	6.2% ↑
Family Apparel	246.2	-10.2% ↓	-0.9% ↓	-1.0% ↓
Department Stores	168.6	-14.4% ↓	-6.5% ↓	-6.3% ↓
Specialty Stores	119.8	11.2% ↑	1.5% ↑	2.2% ↑

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