

CITY OF MORENO VALLEY

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



MORENO VALLEY

TOTAL: \$ 8,595,977

-7.4%

3Q2023



-2.0%

COUNTY



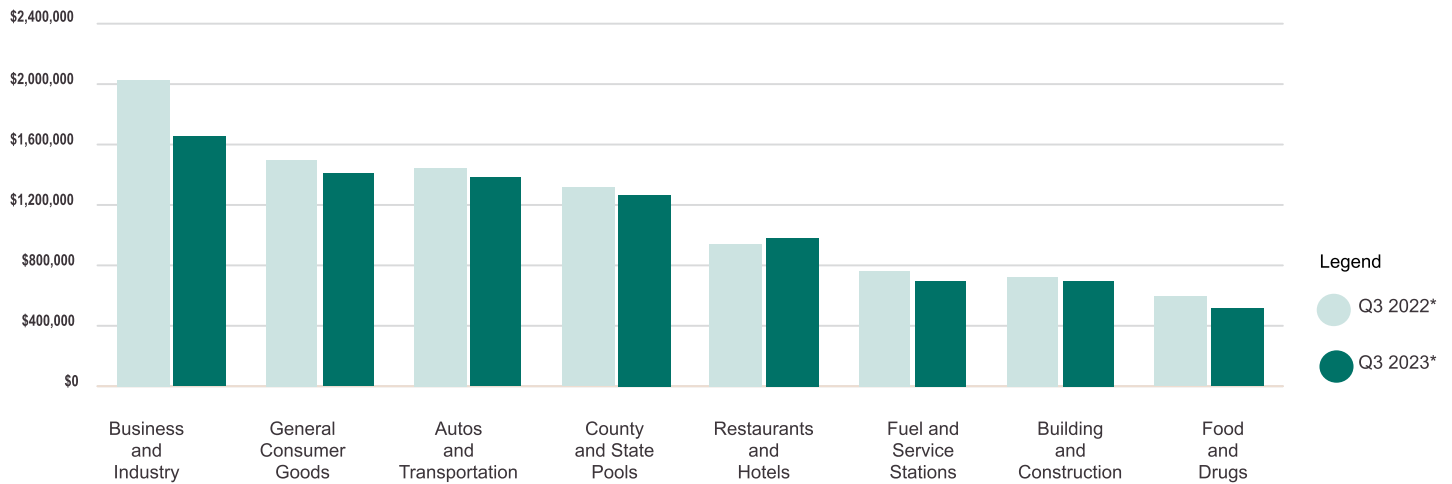
-1.6%

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 4.4% below the third sales period in 2022. Excluding reporting aberrations, actual sales were down 7.4%.

Sales weakened across multiple sectors as federal policy makers continued their actions to cool consumer demand. As a result, business-industry reported declined sales in multiple segments led by fulfillment centers. Moreover, allocations from the countywide use-tax pool dipped as online retailers shifted fulfillment of ecommerce orders from out-of-state warehouses to closer, in-state locations.

While inventory has improved, spending in the automotive sector stalled as average new vehicle purchase prices continued to rise; furthermore, with the increase of interest rates, monthly

payments have hit record highs. Used car sales dipped, which was influenced by a drop in pricing from the prior year.

Shoppers spent less on retail activity within the general consumer goods industry and a recent business closure also contributed to the decline. Service stations reported fewer sales due to lower prices at the pump plus a softer demand from the highs compared to last summer.

The restaurant group experienced a solid sales quarter as patrons continued to visit casual and quick service dining venues.

Net of aberrations, taxable sales for all of Riverside County declined 2.0% over the comparable time period; the Southern California region was down 1.4%.



TOP 25 PRODUCERS

7 Eleven
 Amazon Fulfillment Center ONT6
 Amazon MFA
 Car Pros Kia
 Chevron
 Circle K
 Costco
 Deckers Outdoor
 Food 4 Less
 Harbor Freight Tools
 Home Depot
 Lowes
 Moss Bros Buick GMC
 Moss Bros Chevrolet
 Moss Bros Chrysler Jeep Dodge Ram Fiat
 Moss Bros Honda
 Moss Bros Toyota

Premier Hyundai of Moreno Valley
 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 July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

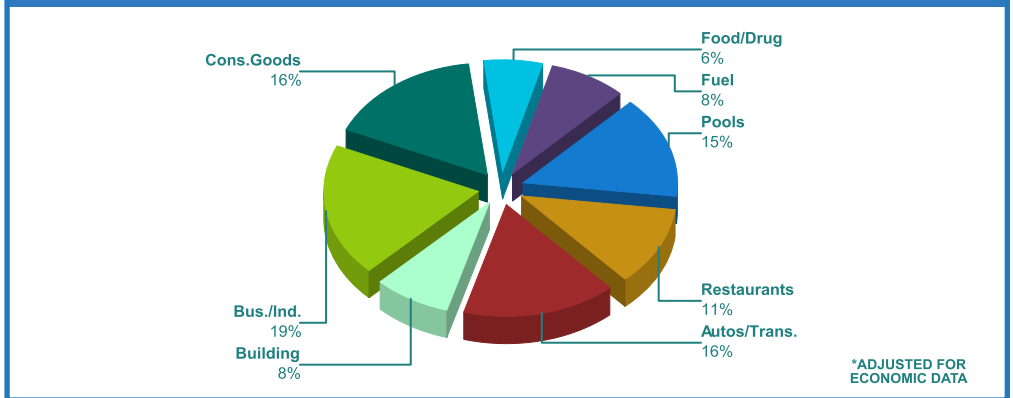
Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for ‘fast food restaurants’.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP
Moreno Valley This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Moreno Valley Business Type	Q3 '23*	Change	County Change	HdL State Change
Fulfillment Centers	1,510.6	-17.4% ↓	0.9% ↑	17.7% ↑
New Motor Vehicle Dealers	1,071.5	-6.7% ↓	-0.1% ↓	-2.4% ↓
Service Stations	698.8	-7.4% ↓	-7.8% ↓	-7.4% ↓
Quick-Service Restaurants	507.9	2.3% ↑	1.9% ↑	2.8% ↑
Building Materials	483.1	-2.2% ↓	-8.8% ↓	-2.7% ↓
Casual Dining	352.9	9.4% ↑	1.4% ↑	2.8% ↑
Grocery Stores	297.6	-13.8% ↓	0.0% ↓	2.3% ↑
Family Apparel	206.1	3.5% ↑	4.9% ↑	3.1% ↑
Automotive Supply Stores	123.6	5.7% ↑	2.0% ↑	2.1% ↑
Fast-Casual Restaurants	104.0	-2.7% ↓	1.2% ↑	3.3% ↑

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*In thousands of dollars