

# CITY OF SEAL BEACH

## SALES TAX UPDATE

### 3Q 2022 (JULY - SEPTEMBER)



#### SEAL BEACH

TOTAL: \$ 1,252,529

6.2%  
3Q2022



8.4%  
COUNTY

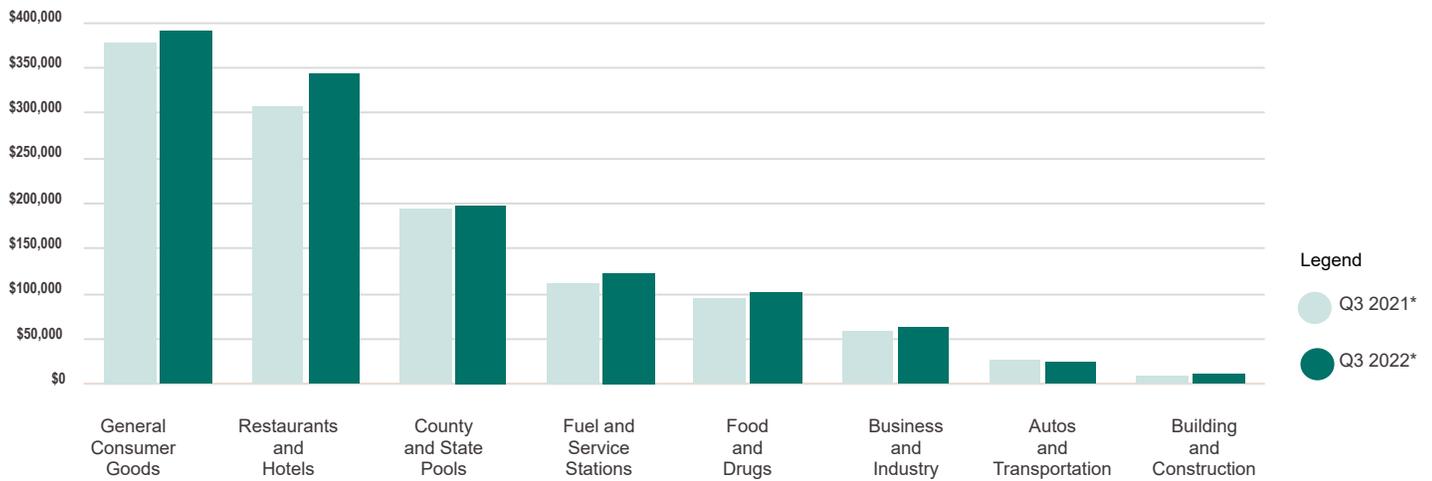


8.0%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure BB

TOTAL: \$1,605,741

7.3%



#### CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from July through September were 4.2% above the third sales period in 2021. Excluding reporting aberrations, actual sales were up 6.2%.

Casual dining restaurants and other leisure, dining and entertainment enterprises continued their rebound from the pandemic, posting a 12% gain overall, outperforming the 10% statewide trend.

A possible misallocation may have inflated the reported growth for general consumer goods retailers. Home furnishing sales were lower compared to last year as consumers shifted spending to other priorities including travel and

entertainment. Local service stations posted ongoing gains as the price of fuel remained very high compared to the prior year for the July through September quarter.

The 7.3% rate of improvement for voter-approved district tax Measure BB was slightly more than the growth of the Bradley-Burns tax proceeds previously discussed, largely due to very strong demand for new car purchases among Seal Beach residents.

Net of aberrations, taxable sales for all of Orange County grew 8.4% over the comparable time period; the Southern California region was up 8.1%.



#### TOP 25 PRODUCERS

- 76
- Burlington
- Chevron
- Chick Fil A
- CVS Pharmacy
- Hoffs Hut
- Home Goods
- In N Out Burger
- Islands
- Kobe Japanese Steakhouse
- Kohls
- Mag Tek
- Marshalls
- Mobil
- Old Ranch Country Club
- Original Parts Group
- Pavilions
- Petsmart
- Ralphs
- Roger Dunn Golf Shops
- Spaghetтини
- Target
- Travismathew
- Ulta Beauty
- Walts Wharf



## 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.

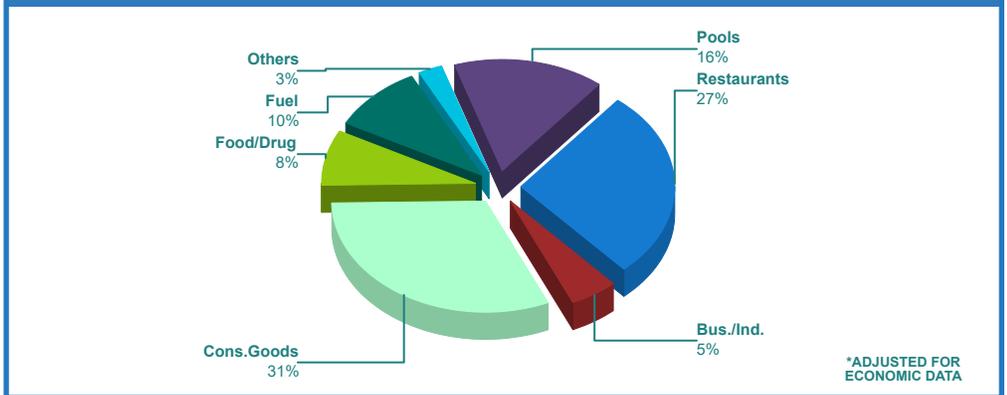
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

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 Seal Beach This Quarter\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q3 '22*	Change	County Change	HdL State Change
Casual Dining	185.5	9.7% ↑	8.0% ↑	10.2% ↑
Service Stations	117.1	19.3% ↑	15.6% ↑	18.6% ↑
Quick-Service Restaurants	77.0	7.6% ↑	5.4% ↑	4.0% ↑
Family Apparel	51.9	-4.3% ↓	2.1% ↑	-1.7% ↓
Home Furnishings	44.1	-17.9% ↓	-3.2% ↓	-6.2% ↓
Sporting Goods/Bike Stores	39.2	7.7% ↑	-3.4% ↓	-4.2% ↓
Specialty Stores	35.4	2.9% ↑	4.5% ↑	4.1% ↑
Fast-Casual Restaurants	30.7	26.3% ↑	4.4% ↑	6.0% ↑
Women's Apparel	24.9	-6.5% ↓	7.2% ↑	-0.1% ↓
Electronics/Appliance Stores	19.1	14.5% ↑	6.7% ↑	3.6% ↑

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\*In thousands of dollars