

CITY OF SEAL BEACH

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



SEAL BEACH

TOTAL: \$ 1,283,122

1.7%
4Q2022



4.6%
COUNTY

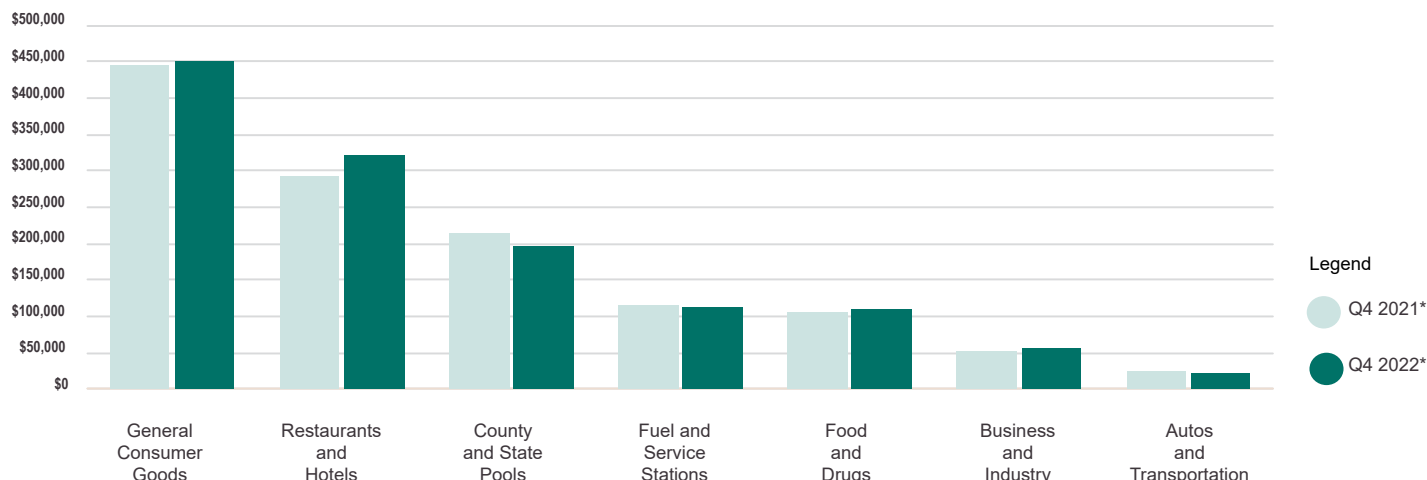


4.7%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure BB

TOTAL: \$1,743,754

6.4%



CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from October through December were 4.0% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 1.7%.

Consumers continued to prioritize dining out, with new dining options further increasing revenues. Prices for food and home essentials continued to rise in the fourth quarter, pushing up totals from the food-drug group.

The business-industry sector reported modest increases. Consumers watched their wallets closely during the 2022 holiday quarter, resulting in small gains when compared to the year-ago period.

Results from autos-transportation

remained relatively flat, while the business-industry sector reported increased revenues when compared to 4Q21.

The City's share of the countywide use tax pool decreased 7.8% when compared to the same period in the prior year. Measure BB, the City's 1.0%, voter-approved transactions and use tax brought in an additional \$1,755,704 in revenue led by sales from the general consumer goods and autos-transportation sectors.

Net of aberrations, taxable sales for all of Orange County grew 4.6% over the comparable time period; the Southern California region was up 5.1%.



TOP 25 PRODUCERS

76	Old Ranch Country Club
Bed Bath & Beyond	Original Parts Group
Boeing	Pavilions
Burlington	Petsmart
Chevron	Ralphs
Chick Fil A	Roger Dunn Golf Shops
CVS Pharmacy	Spghettini
Energy Tubulars	Target
Hoffs Hut	Ulta Beauty
Home Goods	Walts Wharf
In N Out Burger	
Kobe Japanese Steakhouse	
Kohls	
Marshalls	
Mobil	



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-

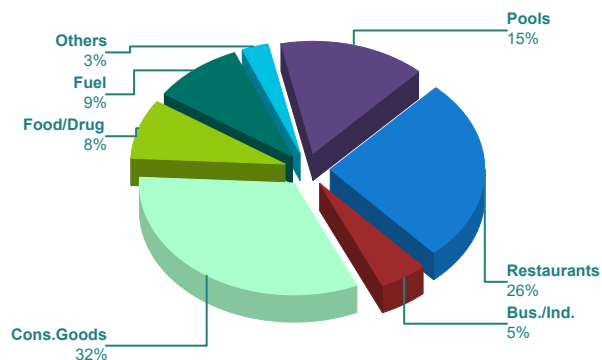
construction sector. With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

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.

REVENUE BY BUSINESS GROUP Seal Beach This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q4 '22*	Change	County Change	HdL State Change
Casual Dining	165.8	6.2% ↑	5.1% ↑	8.1% ↑
Service Stations	102.7	5.2% ↑	0.4% ↑	7.6% ↑
Quick-Service Restaurants	72.7	5.3% ↑	5.4% ↑	5.7% ↑
Family Apparel	68.9	-3.4% ↓	-0.4% ↓	-1.0% ↓
Home Furnishings	57.3	-7.5% ↓	-1.4% ↓	-7.0% ↓
Specialty Stores	37.5	-2.8% ↓	2.6% ↑	2.1% ↑
Sporting Goods/Bike Stores	35.3	-3.2% ↓	-7.1% ↓	-4.4% ↓
Fast-Casual Restaurants	30.2	23.8% ↑	2.3% ↑	6.6% ↑
Women's Apparel	28.7	-3.6% ↓	1.4% ↑	-3.8% ↓
Electronics/Appliance Stores	20.9	8.9% ↑	14.9% ↑	10.8% ↑

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*In thousands of dollars