

CITY OF SANTA MONICA

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



SANTA MONICA

TOTAL: \$ 10,420,372

0.7%
3Q2022



7.3%
COUNTY

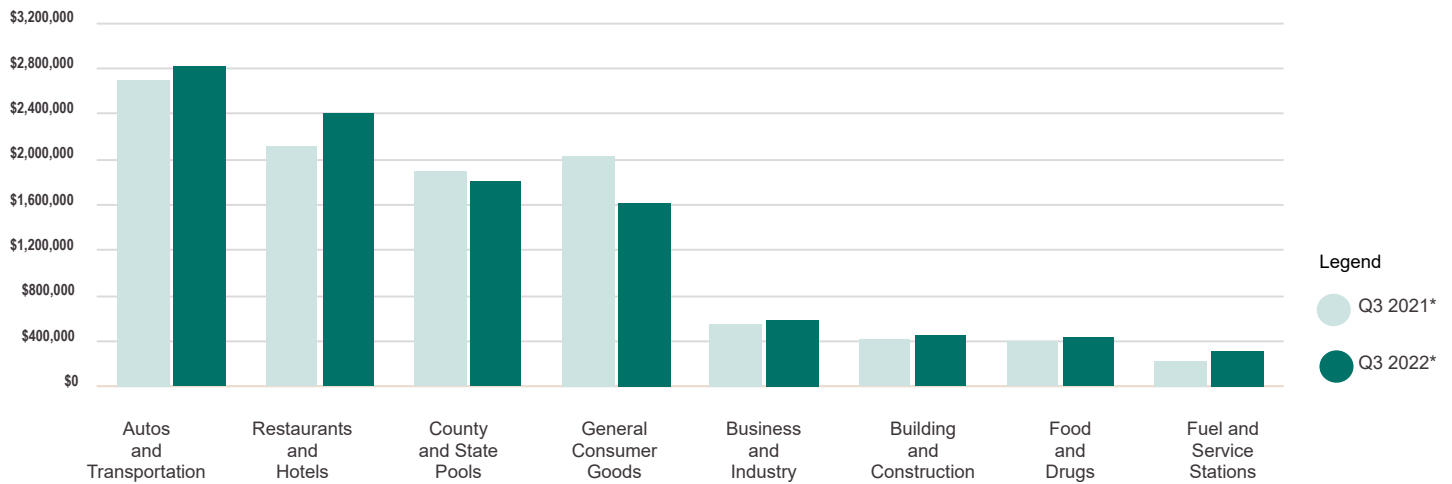


8.0%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



TUT GSH

TOTAL: \$9,268,096

10.2%



CITY OF SANTA MONICA HIGHLIGHTS

Santa Monica's receipts from July through September were essentially flat compared to the third sales period in 2021; however, net of the countywide use tax pool, place of sale receipts grew 0.7%.

Buyers snapped up new cars during the summer months - pushing autos-transportation up. For the sixth consecutive quarter, restaurant revenues boomed as residents and travelers frequented casual and fine dining eateries. The cost of crude oil kept fuel prices high, pumping up service station receipts.

The City's share of the countywide use tax decreased by 4.7%, largely driven

by a reduction in Bradley-Burns general consumer goods allocations - which experienced an exit of a key business.

The business-industry group was mixed in performance, but elevated by a couple of onetime allocations and strong business services sales. Building-construction reflected strong plumbing-electrical supply sales and contractor activity.

The City's voter-approved transactions and use tax posted better results, boosted by in-store and online shopping, restaurants and new and used car sales.

Net of adjustments, taxable sales for all of Los Angeles County grew 7.3% over the comparable time period; the Southern California region was up 8.1%.



TOP 25 PRODUCERS

- Apple
- Audi Leasing Bentley Leasing
- Bourget Bros Building Materials
- Daimler Trust
- Elephante
- Fairmont Miramar Hotel
- Ferguson Enterprises
- Genesis Santa Monica
- Honda Santa Monica
- Jaguar Santa Monica
- Land Rover Santa Monica
- JP Morgan Chase Bank
- Lexus Santa Monica
- Pacific Park
- Santa Monica Audi
- Santa Monica BMW
- Santa Monica Ford Lincoln
- Shutters on the Beach
- Snyder Diamond
- Subaru Santa Monica
- Tesla Motors
- Toyota Lease Trust
- Toyota Santa Monica
- Volkswagen Santa Monica
- Water Grill/Pier Burger
- WI Simonson Mercedes



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.

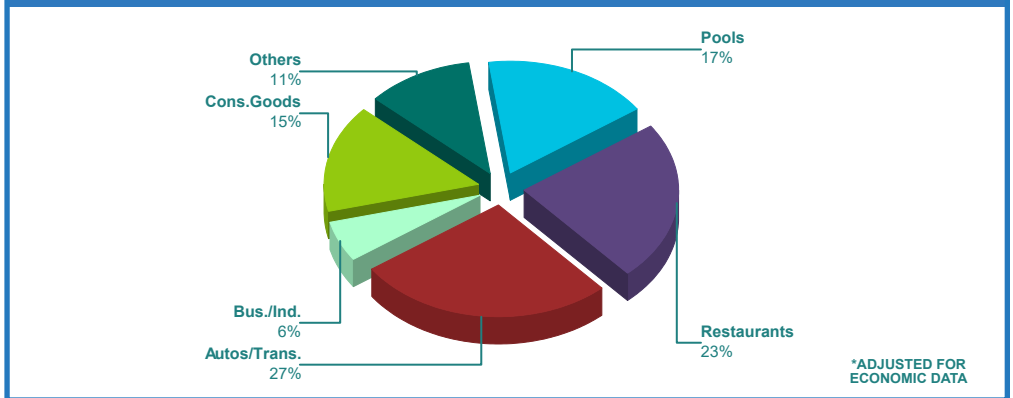
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

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
Santa Monica This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Santa Monica Business Type	Q3 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,136.8	10.7% ↑	11.4% ↑	9.9% ↑
Casual Dining	1,013.4	12.3% ↑	11.7% ↑	10.1% ↑
Fine Dining	437.7	10.3% ↑	1.8% ↑	5.1% ↑
Auto Lease	428.6	-19.5% ↓	-12.3% ↓	-13.6% ↓
Hotels/Motels	338.3	27.5% ↑	44.6% ↑	43.8% ↑
Family Apparel	330.2	6.1% ↑	-3.5% ↓	-1.7% ↓
Plumbing/Electrical Supplies	308.7	13.2% ↑	27.2% ↑	12.9% ↑
Service Stations	280.9	26.8% ↑	19.1% ↑	18.5% ↑
Quick-Service Restaurants	236.3	13.9% ↑	5.4% ↑	4.0% ↑
Fast-Casual Restaurants	234.6	5.8% ↑	6.5% ↑	6.1% ↑

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