

CITY OF SANTA MONICA

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



SANTA MONICA

TOTAL: \$ 10,879,703

7.1%
4Q2022



4.0%
COUNTY

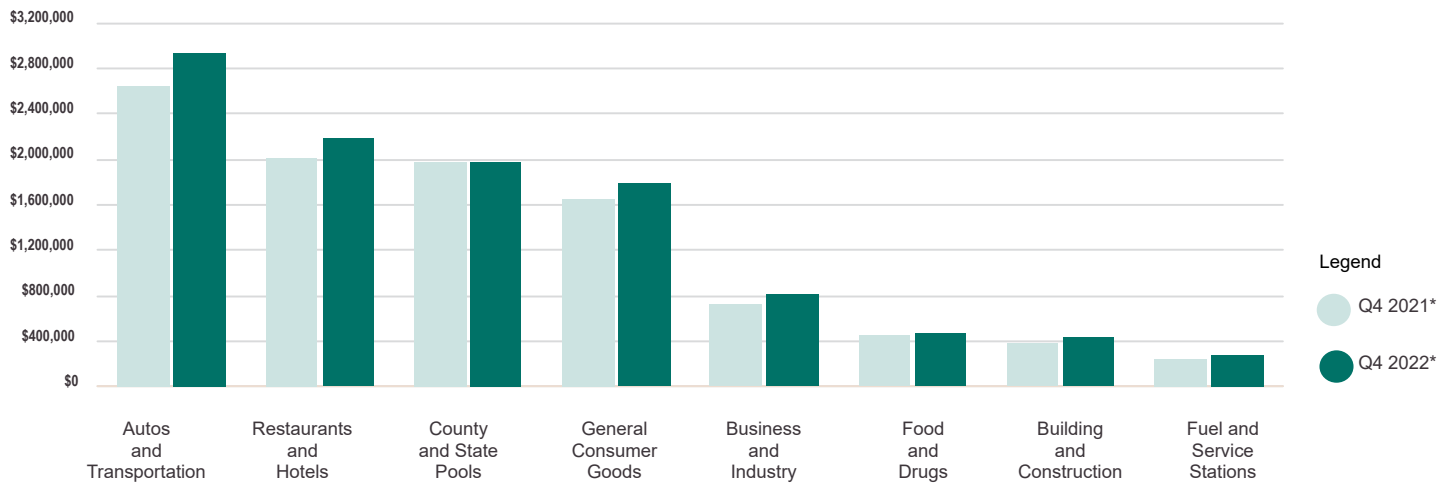


4.7%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



TUT GSH

TOTAL: \$9,629,381

4.1%



CITY OF SANTA MONICA HIGHLIGHTS

Santa Monica's fourth quarter receipts in 2022 were 1.9% higher than the year before, but this figure was affected by accounting adjustments and delayed payments. Excluding these factors, actual sales increased 7.1%.

Despite industry-wide inventory challenges, Santa Monica's car dealerships achieved impressive results, with tax revenue surging by 18.7% – outpacing the statewide trend of 12.5%.

Local electronics-appliance stores bounced back from last year's pandemic-related challenges and saw significant growth. Restaurants and hotels also thrived, experiencing an 8.0% increase in revenue

due to consumers' desire to dine out and travel.

Voter-approved Measure TUT grew by 4.1%, which is slightly lower than the Bradley-Burns results discussed earlier. The reason for this is that Measure TUT is a destination-based tax, and therefore was less affected by the pandemic-induced shift from in-store to online shopping last year, which means that it did not experience the same degree of rebound.

In Los Angeles County, taxable sales rose by 4.0% during the same period, while the Southern California region experienced a 5.1% increase, after accounting for aberrations.



TOP 25 PRODUCERS

- | | |
|------------------------------|---------------------------|
| Apple | Santa Monica BMW |
| Audi Leasing Bentley Leasing | Santa Monica Ford Lincoln |
| Daimler Trust | Shutters on the Beach |
| Fairmont Miramar Hotel | Snyder Diamond |
| Fame House | Subaru Santa Monica |
| Ferguson Enterprises | Tesla Motors |
| Genesis Santa Monica | Toyota Lease Trust |
| Honda Santa Monica | Toyota Santa Monica |
| Jaguar Santa Monica | Volkswagen Santa Monica |
| Land Rover Santa Monica | Volvo Cars Santa Monica |
| JP Morgan Chase Bank | WI Simonson Mercedes |
| Lexus Santa Monica | |
| Michael Smith Design | |
| Ring | |
| Santa Monica Audi | |



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-

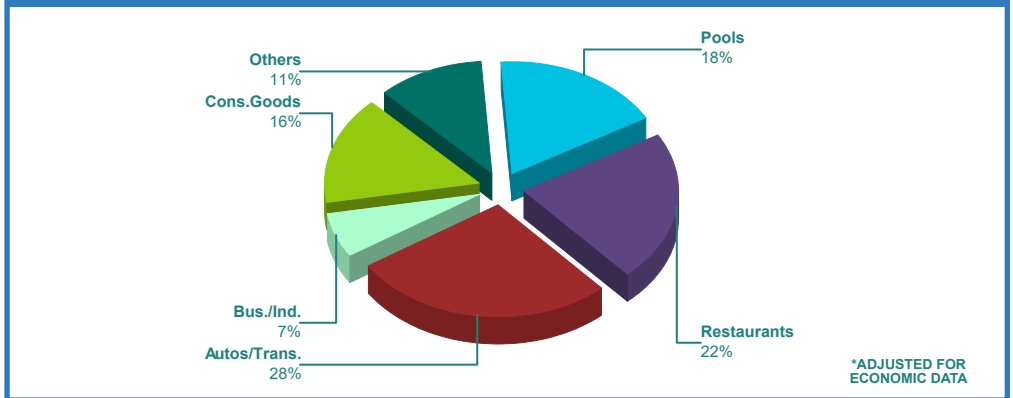
construction sector. With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

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
Santa Monica This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Santa Monica Business Type	Q4 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,291.4	18.7% ↑	12.1% ↑	12.5% ↑
Casual Dining	883.2	7.0% ↑	10.9% ↑	8.1% ↑
Auto Lease	439.8	-13.4% ↓	-12.0% ↓	-11.0% ↓
Fine Dining	399.8	0.5% ↑	0.9% ↑	3.2% ↑
Family Apparel	351.9	-1.8% ↓	-1.0% ↓	-1.0% ↓
Hotels/Motels	340.8	8.9% ↑	31.5% ↑	30.0% ↑
Plumbing/Electrical Supplies	302.6	17.4% ↑	10.7% ↑	7.2% ↑
Business Services	297.6	41.9% ↑	9.9% ↑	7.5% ↑
Electronics/Appliance Stores	288.7	62.4% ↑	13.3% ↑	10.8% ↑
Grocery Stores	269.5	9.1% ↑	7.2% ↑	6.2% ↑

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