

# CITY OF RIVERSIDE

## SALES TAX UPDATE

### 3Q 2022 (JULY - SEPTEMBER)



#### RIVERSIDE

TOTAL: \$ 23,117,889

8.0%  
3Q2022



10.7%  
COUNTY

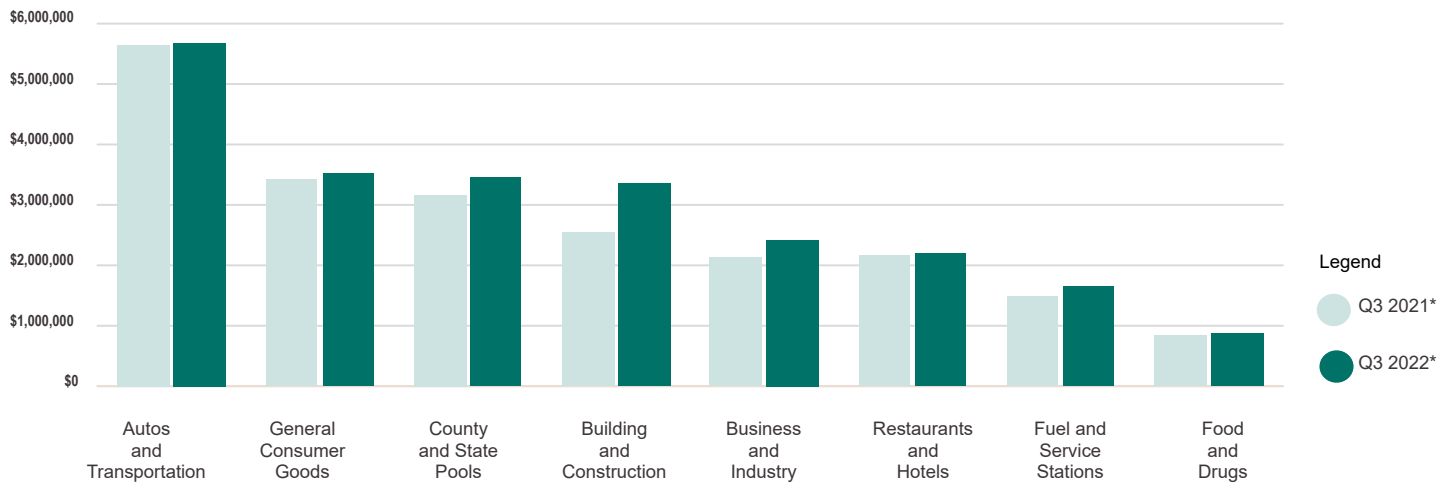


8.0%  
STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure Z

TOTAL: \$20,918,640

↑ 6.7%



#### CITY OF RIVERSIDE HIGHLIGHTS

Riverside's receipts from July through September were 9.4% above the third sales period in 2021. Excluding late payments and other reporting adjustments, receipts for the period were up 8.0%.

Growth is starting to settle into single-digit territory following last year's consistent, double-digit growth when the local economy took off.

This period, construction activity had the largest increase as work continues on various projects despite inflated prices on all materials. Similarly, spending on both capital equipment and supplies for industrial concerns remained strong as shown by the business and industry

group's results.

General consumer good sales dipped following last year's spike, but one taxpayer posted a large increase in activity which offset the declines. This reporting change is being examined to ensure it is not an error.

Measure Z saw growth in all major business groups except general consumer goods as sales at both department and home good stores lagged.

Net of adjustments, taxable sales for all of Riverside County grew 10.7% over the comparable time period while those of the Southern California region were up 8.1%.



#### TOP 25 PRODUCERS

- |   |                           |
|---|---------------------------|
| Arco AM PM                              | Moss Bros Chrysler        |
| Best Buy                                | Dodge Jeep Fiat           |
| BMW of Riverside                        | Nordstrom Rack            |
| Carmax                                  | Quinn CAT Company         |
| Champion Lumber                         | Reliable Wholesale Lumber |
| Dutton Cadillac, Buick, Pontiac, GMC    | Riverside Chevrolet       |
| Foundation Building Materials           | Riverside Honda           |
| Fritts Ford                             | Riverside Volkswagen      |
| Greentech Renewables                    | Stater Bros               |
| Home Depot                              | Target                    |
| Jaguar Riverside & Land Rover Riverside | Toyota of Riverside       |
| Lexus of Riverside                      | Walmart Supercenter       |
| Main Electric Supply                    | Walters Audi              |



**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.

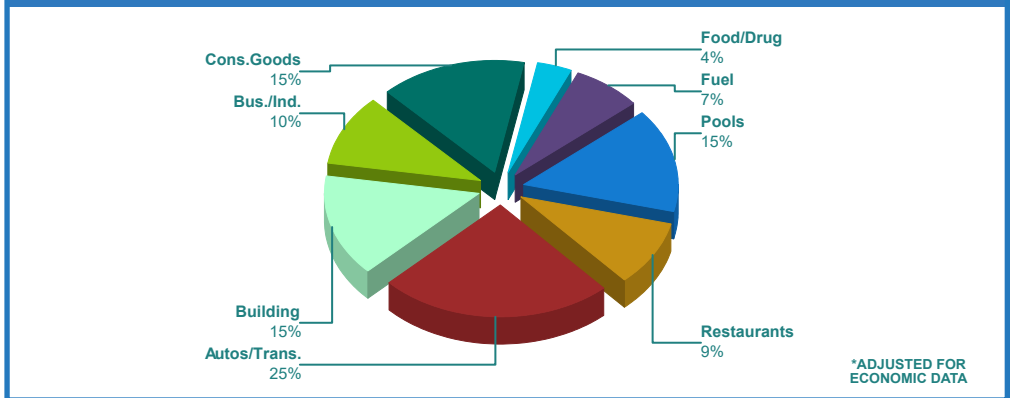
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

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**  
Riverside This Quarter\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Riverside Business Type	Q3 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	3,708.9	4.2% ↑	6.3% ↑	9.9% ↑
Service Stations	1,649.8	12.1% ↑	14.5% ↑	18.6% ↑
Building Materials	1,461.4	21.3% ↑	6.2% ↑	2.8% ↑
Plumbing/Electrical Supplies	1,350.4	54.7% ↑	37.0% ↑	12.9% ↑
Quick-Service Restaurants	963.6	-3.9% ↓	1.3% ↑	4.0% ↑
Casual Dining	895.7	5.2% ↑	3.9% ↑	10.2% ↑
Used Automotive Dealers	553.0	-7.3% ↓	-2.7% ↓	-7.6% ↓
Grocery Stores	531.5	5.4% ↑	4.8% ↑	3.1% ↑
Contractors	460.9	19.8% ↑	26.6% ↑	15.5% ↑
Auto Lease	416.8	-18.2% ↓	-16.8% ↓	-13.6% ↓

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