

CITY OF OCEANSIDE

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



OCEANSIDE

TOTAL: \$ 6,613,947

1.8%
1Q2023



1.7%
COUNTY

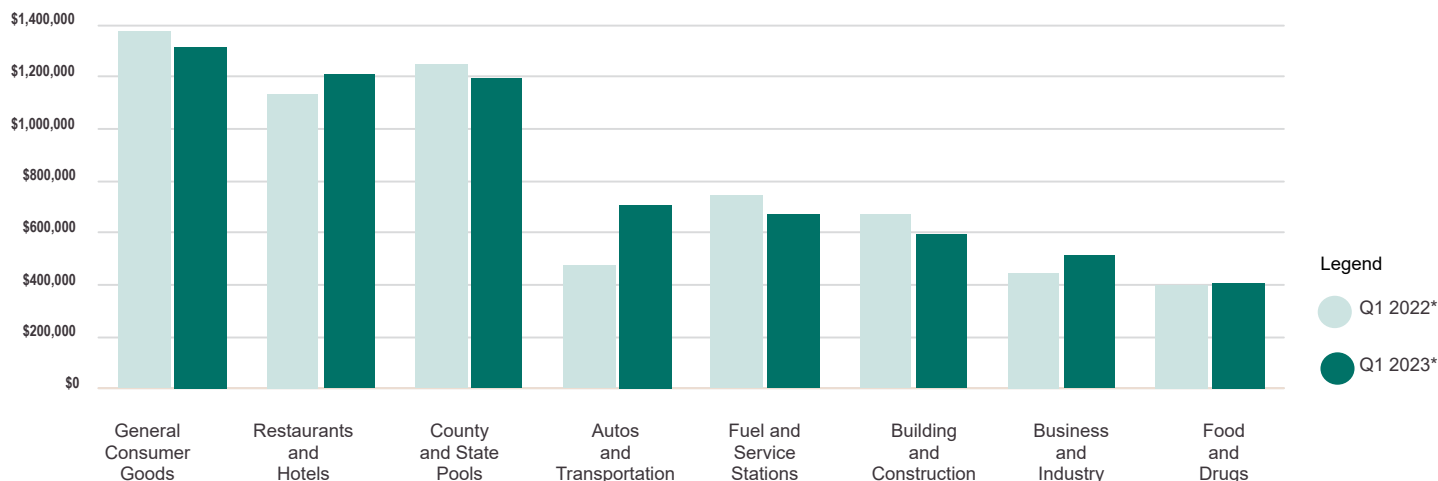


-1.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure X

TOTAL: \$4,281,691

↓ -0.7%



CITY OF OCEANSIDE HIGHLIGHTS

Oceanside's receipts from January through March were 1.3% above the first sales period in 2022. Excluding reporting aberrations, actual sales were up 1.8%.

The recent opening of a new auto-transportation sector business in Oceanside was the largest factor in this improvement.

A surge in revenue from local auto repair shops was also a significant gain. Restaurants and hotels continued to thrive as consumers shifted their consumption from tangible goods to experience-based spending.

However, tax receipts from fuel and service stations were lower as the price of gasoline fell amid worry that the

economy may weaken later this year. A onetime contractor construction material purchase in the comparison year for a local project also made for a difficult comparison.

Measure X underperformed the Bradley-Burns results previously discussed, ending the quarter slightly lower. As a destination-based tax, it did not benefit from the recent opening of a new company in the auto-transportation sector.

Net of aberrations, taxable sales for all of San Diego County grew 1.7% over the comparable time period; the Southern California region was down 0.9%.



TOP 25 PRODUCERS

- | | |
|---------------------|-------------------------|
| Albertsons | Mossy Nissan |
| Best Buy | One Source Distributors |
| Carmax | Ross |
| Chevron | Superior Ready Mix |
| Circle K | Target |
| CVS Pharmacy | Tesla Motors |
| Discount Tire | TJ Maxx |
| Express Fuel | United Oil |
| G&M | Walmart Supercenter |
| Home Depot | |
| In N Out Burger | |
| Krannich Solar West | |
| Lowes | |
| McDonald's | |
| Melrose Shell | |
| Mohsen Oil | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

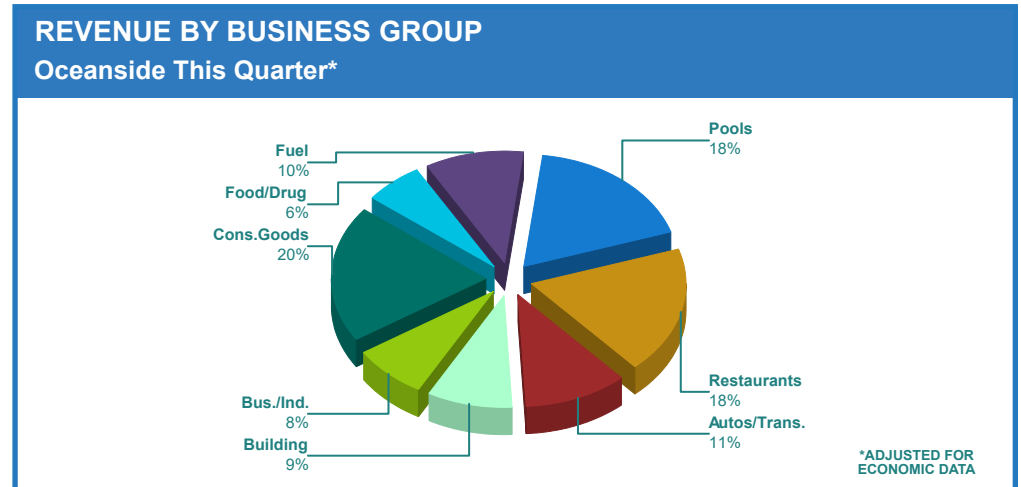
Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Oceanside Business Type	Q1 '23*	Change	County Change	HdL State Change
Service Stations	669.8	-10.2% ↓	-11.0% ↓	-9.8% ↓
Casual Dining	562.2	5.6% ↑	10.7% ↑	9.6% ↑
Quick-Service Restaurants	465.4	3.4% ↑	6.2% ↑	5.1% ↑
Building Materials	441.9	-4.9% ↓	-1.0% ↓	-9.8% ↓
Grocery Stores	225.6	3.4% ↑	5.8% ↑	5.4% ↑
Auto Repair Shops	192.1	82.8% ↑	11.5% ↑	6.2% ↑
Electronics/Appliance Stores	155.7	-9.3% ↓	-0.1% ↓	-2.4% ↓
Family Apparel	146.3	1.6% ↑	4.5% ↑	2.3% ↑
Specialty Stores	142.5	-1.8% ↓	3.8% ↑	3.7% ↑
Automotive Supply Stores	126.7	-1.6% ↓	9.0% ↑	5.4% ↑

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