

# CITY OF OCEANSIDE

## SALES TAX UPDATE

### 2Q 2023 (APRIL - JUNE)



#### OCEANSIDE

TOTAL: \$ 7,274,093

-0.2%

2Q2023



-1.5%

COUNTY



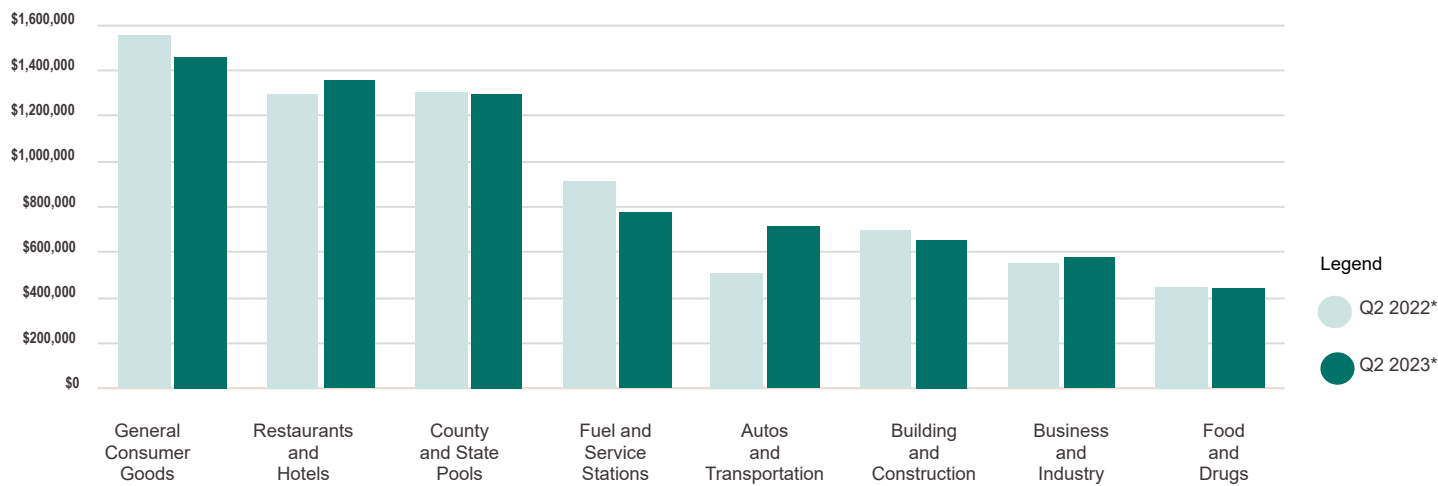
-2.9%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure X

TOTAL: \$4,712,635

↑ 0.3%



#### CITY OF OCEANSIDE HIGHLIGHTS

Oceanside's cash receipts from April through June were 2.3% above the second sales period in 2022. Excluding reporting aberrations, actual sales were down 0.2%.

Tax revenue from service stations slumped 15% as gasoline prices fell sharply compared to last year's spike, which occurred in the aftermath of Russia's invasion of Ukraine in February 2022.

Electronics, appliance, family apparel, specialty, and other general consumer goods retailers also dropped as consumers shifted spending away from the purchase of tangible goods, to spend more on travel, leisure, services, dining-out, and entertainment.

The good news this quarter included the

recent opening of a car vendor in the auto-transportation sector. Also, the addition of new suppliers and a facility expansion project also boosted the business-industrial category. Several new restaurant were also a positive.

Measure X, the City's voter approved district tax, was boosted by strong internet shopping and business-industrial activity which slightly outperformed the Bradley-Burns results previously discussed.

Net of aberrations, taxable sales for all of San Diego County declined 1.5% over the comparable time period; the Southern California region was down 2.9%.



#### TOP 25 PRODUCERS

Albertsons  
Arco AM PM  
Best Buy  
Carmax  
Chevron  
Circle K  
CVS Pharmacy  
Discount Tire  
Express Fuel  
G&M  
Home Depot  
In N Out Burger  
Krannich Solar West  
Lowe's  
McDonald's  
Melrose Shell

Mohsen Oil  
Mossy Nissan  
One Source Distributors  
Ross  
Superior Ready Mix  
Target  
TJ Maxx  
United Oil  
Walmart Supercenter



## STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

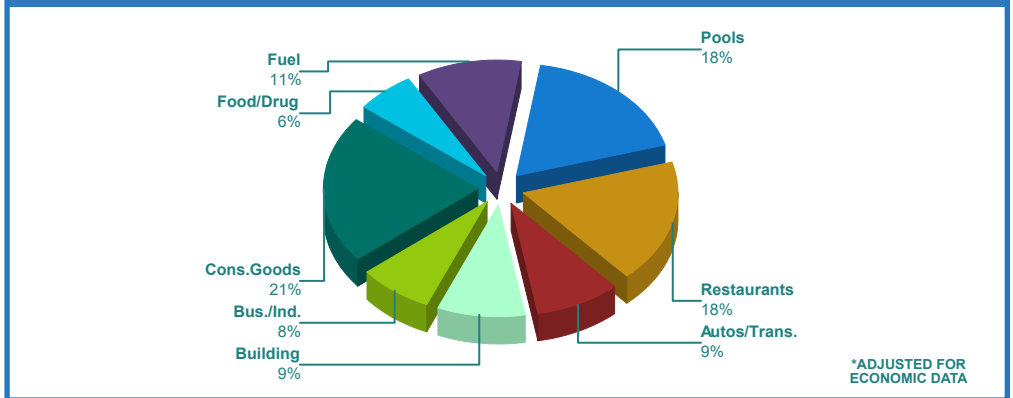
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

### REVENUE BY BUSINESS GROUP Oceanside This Fiscal Year\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

| Oceanside Business Type      | Q2 '23* | Change   | County Change | HdL State Change |
|------------------------------|---------|----------|---------------|------------------|
| Service Stations             | 773.6   | -15.4% ↓ | -17.6% ↓      | -19.9% ↓         |
| Casual Dining                | 631.6   | 2.9% ↑   | 3.3% ↑        | 4.6% ↑           |
| Quick-Service Restaurants    | 504.2   | -0.2% ↓  | 3.7% ↑        | 3.2% ↑           |
| Building Materials           | 437.9   | -9.2% ↓  | 0.0% ↓        | -8.0% ↓          |
| Grocery Stores               | 244.3   | 1.6% ↑   | 4.4% ↑        | 2.9% ↑           |
| Electronics/Appliance Stores | 179.6   | -8.6% ↓  | -5.8% ↓       | -6.3% ↓          |
| Family Apparel               | 167.4   | -3.1% ↓  | 0.0% ↑        | -1.0% ↓          |
| Contractors                  | 159.7   | 6.6% ↑   | -1.9% ↓       | -2.9% ↓          |
| Specialty Stores             | 149.1   | -6.2% ↓  | 0.0% ↓        | -1.3% ↓          |
| Auto Repair Shops            | 121.4   | -17.6% ↓ | 5.0% ↑        | 2.3% ↑           |

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