

CITY OF STANTON

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



STANTON

TOTAL: \$ 1,265,714

5.1%
4Q2021



15.3%
COUNTY

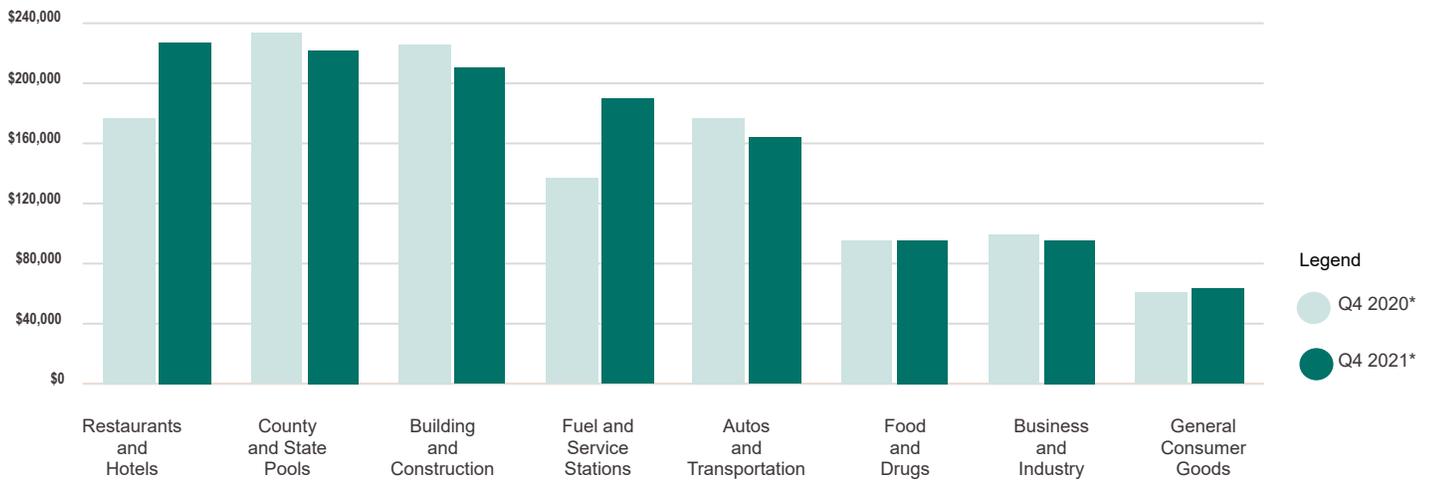


15.6%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure GG

TOTAL: \$1,457,847

16.9%



CITY OF STANTON HIGHLIGHTS

Stanton's receipts from October through December were 21.6% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 5.1%.

Higher retail gasoline prices in 4Q21 were the result of increased demand for gasoline, reduced U.S. refinery capacity, and low gasoline inventories. The restaurant & hotel sector is benefitting from the gap between inflation for food purchased for cooking at home versus dining out, making eating out more appealing to consumers.

Overall revenue from general consumer goods showed slight increases, while totals from food-drugs remained flat.

A shortage of necessary parts and supply chain issues have put a damper on sales from the autos-transportation group. As 2021 closed, revenue from building-construction fell as lumber prices dropped as well as cost challenges related to labor, materials shortages, and inflation.

Measure GG, the City's voter-approved transactions-use tax, brought in an additional \$1,451,367. Proceeds from Measure GG were led by sales from autos-transportation and general consumer goods.

Net of aberrations, taxable sales for all of Orange County grew 15.3% over the comparable time period.



TOP 25 PRODUCERS

- | | |
|----------------------------|------------------------------|
| 5 Star Homes | Pick Your Part Auto Wrecking |
| 7 Eleven | Premium Finance |
| American Camper Shells | Raising Cane's |
| Arco | Resource Building Materials |
| Berri Brothers Gas Station | Shell |
| Cameron Welding Supply | Smart & Final |
| Chem Mark | Stanton 76 |
| Chevron | Super King Market |
| Food 4 Less | Walmart Neighborhood Market |
| Home Depot | Wholesale Tiny Homes |
| In N Out Burger | Yardley Orgill |
| JB Lumber | |
| Katella Plywood & Lumber | |
| Orco Block | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 15% 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, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

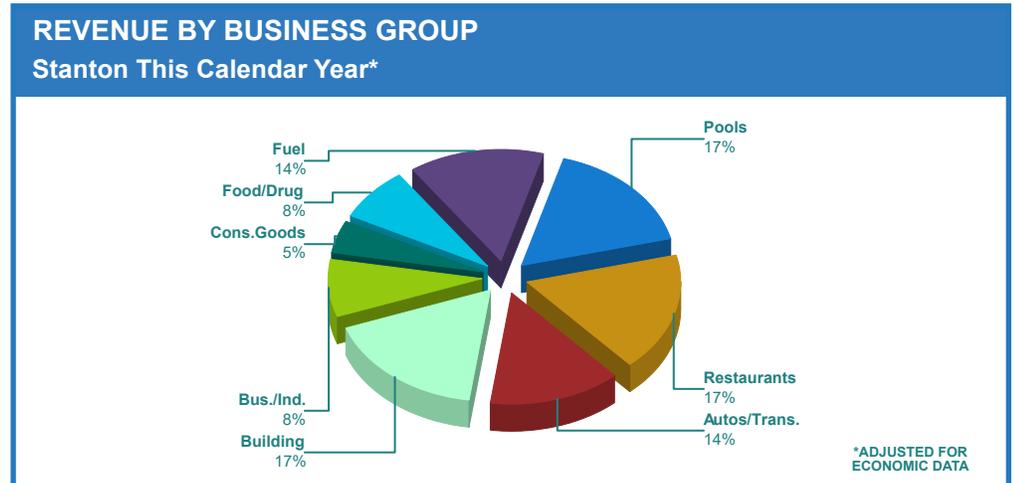
Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women’s apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State’s history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia’s war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Stanton Business Type	Q4 '21*	Change	County Change	HdL State Change
Service Stations	189.7	39.3% ↑	69.4% ↑	53.7% ↑
Building Materials	172.0	-8.9% ↓	4.8% ↑	2.2% ↑
Quick-Service Restaurants	127.2	10.4% ↑	11.4% ↑	12.1% ↑
Casual Dining	82.4	60.8% ↑	56.8% ↑	66.5% ↑
Trailers/RVs	61.3	-16.5% ↓	-8.8% ↓	11.2% ↑
Grocery Stores	61.2	0.3% ↑	-0.3% ↓	0.6% ↑
Automotive Supply Stores	35.9	3.8% ↑	11.1% ↑	10.5% ↑
Used Automotive Dealers	33.6	-19.2% ↓	28.0% ↑	27.6% ↑
Light Industrial/Printers	27.7	4.8% ↑	4.2% ↑	8.1% ↑
Contractors	27.3	15.0% ↑	12.4% ↑	5.3% ↑

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