

# RANCHO SANTA MARGARITA

## SALES TAX UPDATE

### 1Q 2022 (JANUARY - MARCH)



**RANCHO SANTA MARGARITA**

TOTAL: \$ 2,098,253

16.0%

1Q2022



20.1%

COUNTY



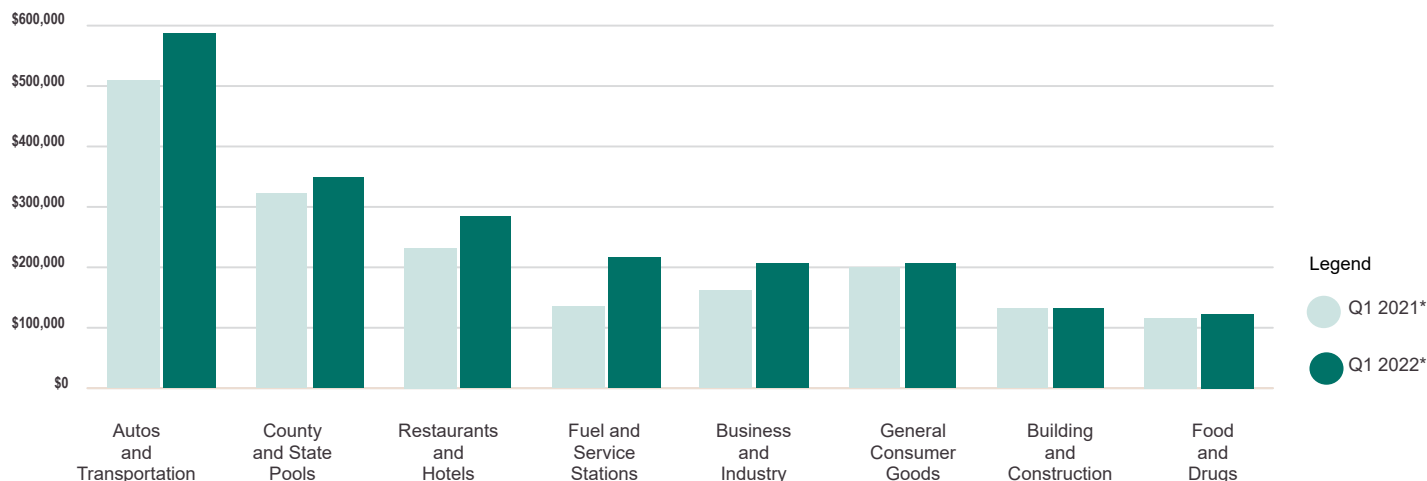
17.1%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### RANCHO SANTA MARGARITA HIGHLIGHTS

Rancho Santa Margarita's receipts from January through March were 13.0% above the first sales period in 2021. Excluding reporting aberrations, actual sales were up 16.0%.

The local economy has continued to show signs of post-pandemic growth. All factors within the fuel and service stations sector are continuing to experience upward pressure, which include restricted supply attributable to the Russian Ukraine crisis, record oil barrel and prices at the pump, a slow implementation by Saudi Arabia to increase production of global supply, and ongoing strong demand for fuel resulting from increased road and air travel. This has boosted the associated sales tax.

The restaurants and hotels sector has fully recovered and this quarter, the City experienced solid growth from casual and

fast casual dining, leisure/entertainment, and quick service restaurants. However, escalating costs and staff shortages present ongoing challenges for operators that are expected to slow growth over the next several quarters.

Receipts from auto repair shops, auto lease, specialty stores, home furnishings, grocery stores, building & construction, and the state and county pools were also up.

Net of aberrations, taxable sales for all of Orange County grew 20.1% over the comparable time period; the Southern California region was up 19.2%.



#### TOP 25 PRODUCERS

Applied Medical Distribution  
Applied Medical Resources  
Arco AM PM  
BJ's Restaurant & Brewhouse  
Chevron  
Circle K  
Control Components  
Denault Commercial Supply  
Hannas Restaurants & Bar  
In N Out Burger  
Kohls  
Lowe's  
McDonalds  
Pavilions  
Ralphs Fresh Fare

Rancho Santa Margarita  
Honda  
Ross  
Santa Margarita Ford  
Santa Margarita Toyota  
Shell  
Target  
Trader Joes  
Tutto Fresco  
Walmart Neighborhood Market  
Wood Ranch BBQ & Grill



## STATEWIDE RESULTS

California's local one-cent sales and use tax for sales occurring January through March was 17% higher than the same quarter one year ago, after adjusting for accounting anomalies and onetime payments from previous quarters. By all accounts, the California retail economy continues roaring along. Even with instability in the stock market, the crisis in Ukraine pushing up the global price of crude oil and the U.S. Federal Reserve Board beginning to tackle inflation with a series of rate increases, consumer spending continued at a strong pace.

The invasion of Ukraine by Russian military forces on February 24 had an immediate upward impact on the global price of crude oil due to fears of supply shortages. Subsequently this has caused a dramatic jump to California consumer gas and diesel prices at a time when many in the workforce were commuting back into offices, also contributing to an overall increase in consumption. As expected, fuel and service station receipts increased 47% over last year and show no signs of pulling back with summer travel right around the corner.

Sales of new and used vehicles continue to be robust causing the autos and transportation sector to jump 15% for the period. Inventory shortages by some dealers may have caused buyers to experience a Fear Of Missing Out (FOMO) and pay elevated prices while interest rates remained lower. Automotive brands that have committed to full electric or hybrid models are attractive with consumers, especially given the sudden rise in fuel prices.

Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning to normal and headwinds from inflation and higher cost goods haven't yet slowed consumer demand. The stellar returns

were largely driven by discount department stores, especially those selling gas.

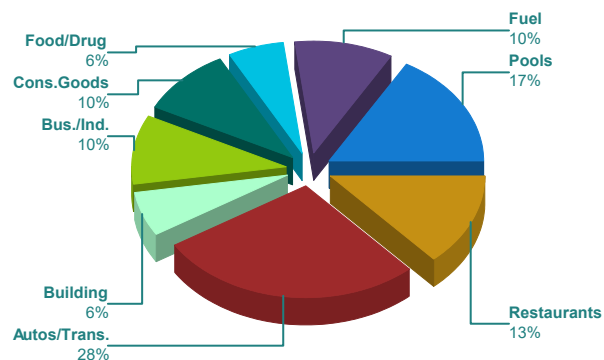
These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the summer tourism and travel season approaching, the industry is positioned to maintain post-pandemic growth and remain positive through 2022.

Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over

the comparison period. Shoppers bought a range of merchandise and spending by businesses on capital equipment remained sensational.

The first quarter sales period contributed to an already strong 2021-22 fiscal year for most municipalities statewide. However, continued inflationary pressure, soaring interest rates and record gas prices may soften growth going into 2022-23.

## REVENUE BY BUSINESS GROUP Rancho Santa Margarita This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

## TOP NON-CONFIDENTIAL BUSINESS TYPES

Rancho Santa Margarita Business Type	Q1 '22*	Change	County Change	HdL State Change
Service Stations	216.8	59.8% ↑	53.2% ↑	43.3% ↑
Casual Dining	121.5	27.1% ↑	46.7% ↑	55.8% ↑
Medical/Biotech	94.5	22.3% ↑	7.5% ↑	7.9% ↑
Grocery Stores	82.1	1.6% ↑	3.4% ↑	3.2% ↑
Quick-Service Restaurants	69.3	11.0% ↑	9.8% ↑	7.8% ↑
Fast-Casual Restaurants	53.2	11.7% ↑	10.6% ↑	11.4% ↑
Heavy Industrial	44.2	162.7% ↑	24.5% ↑	17.4% ↑
Specialty Stores	41.8	14.4% ↑	17.4% ↑	11.2% ↑
Auto Lease	38.8	6.4% ↑	-10.5% ↓	-7.5% ↓
Light Industrial/Printers	25.3	10.1% ↑	8.5% ↑	15.0% ↑

\*Allocation aberrations have been adjusted to reflect sales activity

\*In thousands of dollars