

RANCHO SANTA MARGARITA

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



RANCHO SANTA MARGARITA
TOTAL: \$ 2,134,825

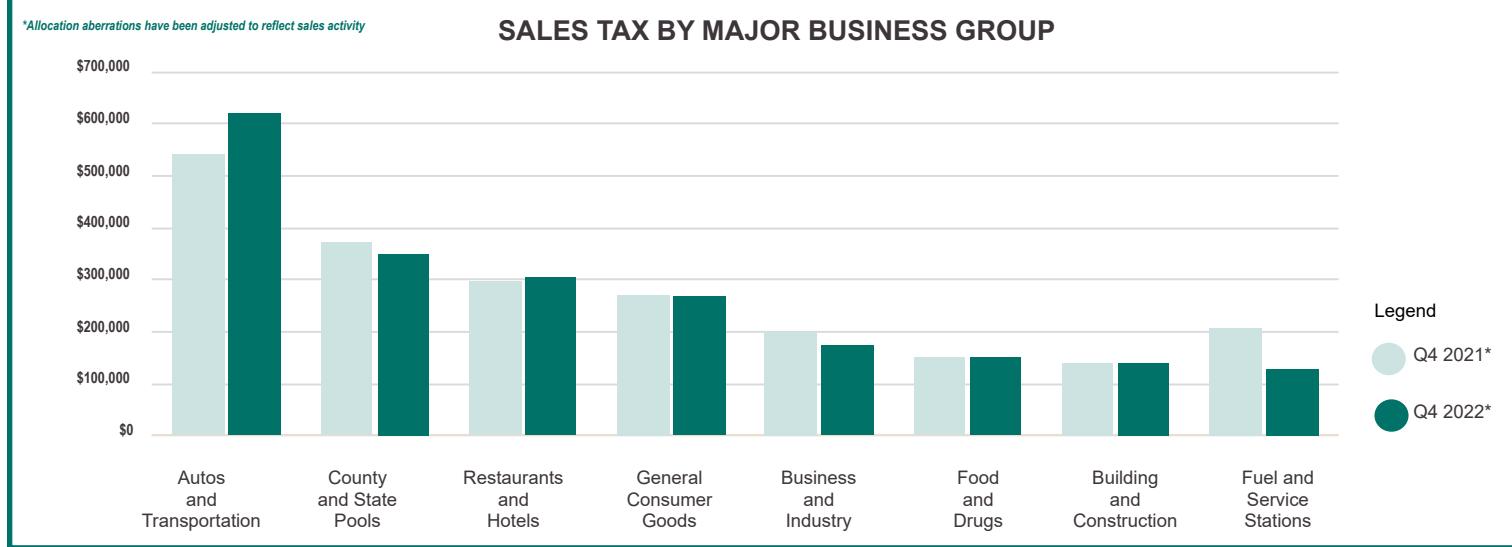
-1.9%
4Q2022



4.6%
COUNTY



4.7%
STATE



RANCHO SANTA MARGARITA HIGHLIGHTS

Rancho Santa Margarita's receipts from October through December were 3.0% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were down 1.9%.

The fourth quarter was a bright spot for the autos-transportation industry in 4Q22, with receipts up 14.3% over 4Q21. Revenue from restaurants-hotels showed modest increases while consumers continue to prioritize dining out.

Higher wholesale food prices pushed up totals from food-drugs, while sales from building-construction remained relatively flat.

A negative, one-time adjustment temporarily decreased revenue from

the business-industry sector. A business closure negatively impacted general consumer goods.

Revenue from fuel-service stations has been temporarily reduced due to a local tax misallocation.

The City's share of the countywide use tax pool decreased 6.7% when compared to the same period in the prior year. New in-state distribution centers are shifting tax from the countywide pools to those local agencies with online fulfillment centers.

Net of aberrations, taxable sales for all of Orange County grew 4.6% over the comparable time period; the Southern California region was up 5.1%.



TOP 25 PRODUCERS

Applied Medical Distribution	Santa Margarita Toyota
Shell	Shell
Arco AM PM	Target
BevMo	Trader Joes
Cafe Concepts	Tutto Fresco
Chevron	Ulta Beauty
Circle K	Walmart Neighborhood Market
Denault Commercial Supply	Wood Ranch BBQ & Grill
Hannas Restaurants & Bar	
In N Out Burger	
Kohls	
Lowes	
McDonalds	
Pavilions	
Ralphs Fresh Fare	
Rancho Santa Margarita Honda	
Ross	
Santa Margarita Ford	



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of October through December were 4.7% 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, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing its greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electronic/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-construction sector.

With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

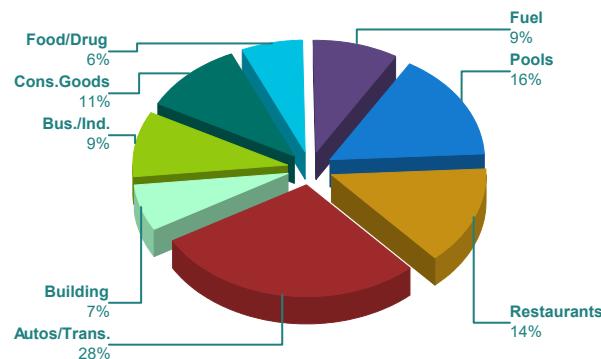
Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency's coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller's payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California's taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP

Rancho Santa Margarita This Calendar Year*



*ADJUSTED FOR
ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Rancho Santa Margarita Business Type	Q4 '22*	Change	County Change	HdL State Change
Casual Dining	132.1	3.4% ↑	5.1% ↑	8.1% ↑
Service Stations	128.7	-37.3% ↓	0.4% ↑	7.6% ↑
Medical/Biotech	109.4	4.6% ↑	3.9% ↑	1.5% ↑
Grocery Stores	106.4	7.9% ↑	6.9% ↑	6.2% ↑
Quick-Service Restaurants	77.7	5.4% ↑	5.4% ↑	5.7% ↑
Fast-Casual Restaurants	52.2	0.3% ↑	2.3% ↑	6.6% ↑
Specialty Stores	51.7	0.6% ↑	2.6% ↑	2.2% ↑
Auto Lease	30.9	-9.1% ↓	-12.0% ↓	-11.0% ↓
Light Industrial/Printers	28.8	13.3% ↑	1.1% ↑	3.9% ↑
Family Apparel	27.7	6.4% ↑	-0.4% ↓	-1.0% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars