

CITY OF PALMDALE

SALES TAX UPDATE

2Q 2022 (APRIL - JUNE)



PALMDALE

TOTAL: \$ 7,054,556

0.4%
2Q2022



11.3%
COUNTY

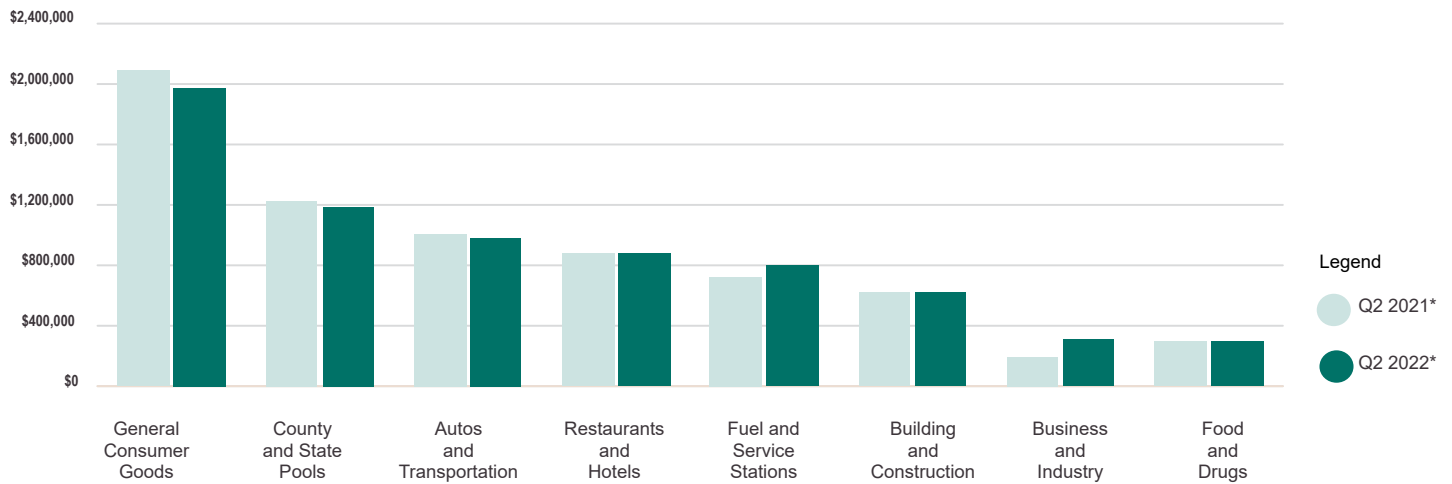


10.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure AV

TOTAL: \$5,754,987

↑ 6.8%



CITY OF PALMDALE HIGHLIGHTS

Palmdale's receipts from April through June were 3.2% below the second sales period in 2021. Excluding reporting aberrations, actual sales were up 0.4%.

Sustained higher gas prices due to more commuters on the road and global crude oil reaching an all-time high point, receipts from service stations jumped 10% over a year ago. Increased sales activity and a spike from use tax allocations contributed to the gains from business-industry.

However, while general consumer goods saw mixed results, overall retailers couldn't keep pace with the phenomenal returns from last year. Although the

recent addition of new auto dealers helped, diminished receipts likely due to a lack of inventory, hurt auto-transportation returns, further offsetting the growth.

The City's transaction tax, Measure AV, experienced positive results with increased vehicles purchased-registered & strong activity by building suppliers and business-industrial merchants increasing the most.

Net of aberrations, taxable sales for all of Los Angeles County grew 11.3% over the comparable time period; the Southern California region was up 11.1%.



TOP 25 PRODUCERS

- Antelope Valley Nissan
- Arco
- Ashley Furniture Homestore
- Best Buy
- Camacho Auto Sales
- Carmax
- Chevron
- Chick Fil A
- Circle K
- Diamond Buick GMC Palmdale
- Diamond Hyundai Palmdale
- Home Depot
- Lockheed Martin
- Lowes
- Macy's
- McDonalds
- Northrop Grumman
- Rally Kia
- Robertsons Palmdale
- Honda
- Ross
- Sams Club w/ Fuel
- Shell
- Target
- Vulcan Materials
- Walmart Supercenter



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring April through June was 10% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark the sixth consecutive quarter of double-digit growth since the pandemic periods in 2020, with the July-June 2022 fiscal year up 15%.

Commuters returning to offices combined with the Russia-Ukraine conflict continuing to put upward pressure on oil prices and left Californians facing the highest average price per gallon on record resulting in fuel and service station receipts 42% higher than last year. While statewide fuel consumption still trails 2019 levels, local gas prices are expected to remain high until after the summer blend period.

Led by consumer’s desire to dine out, a steady rise in tourism and business travel, higher menu prices and great weather, the restaurant sector continues to flourish. Theme parks, entertainment venues and hotels showed the strongest growth with casual dining establishments remaining solid, a trend likely to remain through 2022.

The automobile sector experienced modest gains for new car dealers and rental car vendors, however sales of used autos and leasing activity has begun to cool. Brands prioritizing full electric and hybrid models still appear to be the most attractive with consumers, however increased financing rates may cause even their activity to dampen. Tight inventories that contributed to dramatic price increases over the last 18 months are also showing signs of loosening as newer models are released

in greater numbers.

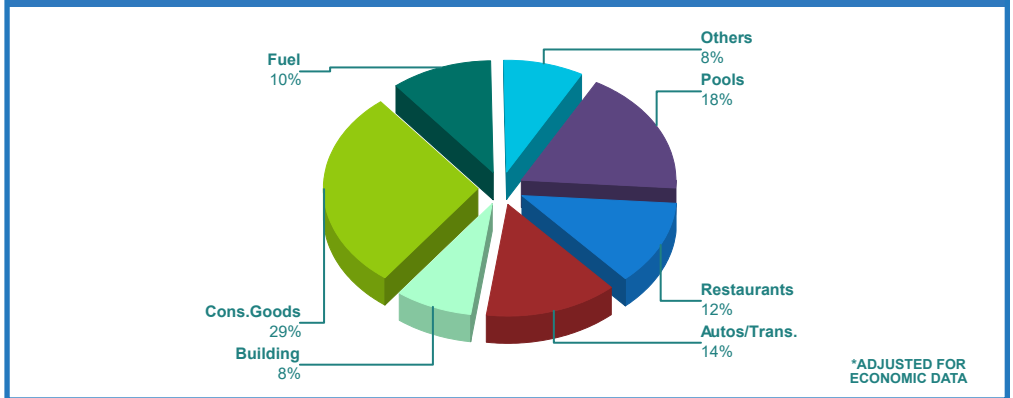
General consumer goods categories saw steady returns largely propped up by retailers also selling fuel. In comparison with the prior year when consumers were buying merchandise at a record pace, the current returns from apparel and jewelry stores grew moderately with home furnishings showing a slight decrease.

With new housing starts accelerating and residential and commercial property values rising, construction contractors remain busy. Lumber prices have softened from prior year highs leaving material suppliers with modest gains, however electrical, plumbing and energy suppliers

boosted building sector results. Increased investment in capital equipment remains an important area of growth for county pool allocations, especially as online spending for general consumer goods begins to flatten as consumers return to in-store shopping.

Overall, higher priced goods through periods of consistent demand have led to economic inflation. The Federal Reserve Board’s recent actions to curb inflation are anticipated to put downward pressure on sales of autos, building materials and financed general consumer goods, resulting in slower growth by year end and into 2023.

REVENUE BY BUSINESS GROUP
Palmdale This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Palmdale Business Type	Q2 '22*	Change	County Change	HdL State Change
Service Stations	792.6	8.8% ↑	38.7% ↑	36.4% ↑
Building Materials	450.6	-10.6% ↓	7.5% ↑	2.9% ↑
New Motor Vehicle Dealers	438.3	-3.5% ↓	12.0% ↑	6.6% ↑
Quick-Service Restaurants	406.9	-8.3% ↓	6.3% ↑	5.2% ↑
Casual Dining	341.2	10.7% ↑	20.6% ↑	17.3% ↑
Family Apparel	234.6	-15.7% ↓	-0.1% ↓	0.6% ↑
Grocery Stores	188.9	-0.4% ↓	5.9% ↑	5.3% ↑
Specialty Stores	174.0	-2.7% ↓	3.4% ↑	4.2% ↑
Electronics/Appliance Stores	162.9	-13.4% ↓	-3.9% ↓	-0.8% ↓
Department Stores	160.8	-1.9% ↓	2.9% ↑	1.3% ↑

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