

CITY OF LA MESA

SALES TAX UPDATE

2Q 2022 (APRIL - JUNE)



LA MESA

TOTAL: \$ 4,554,376

8.2%
2Q2022



13.5%
COUNTY

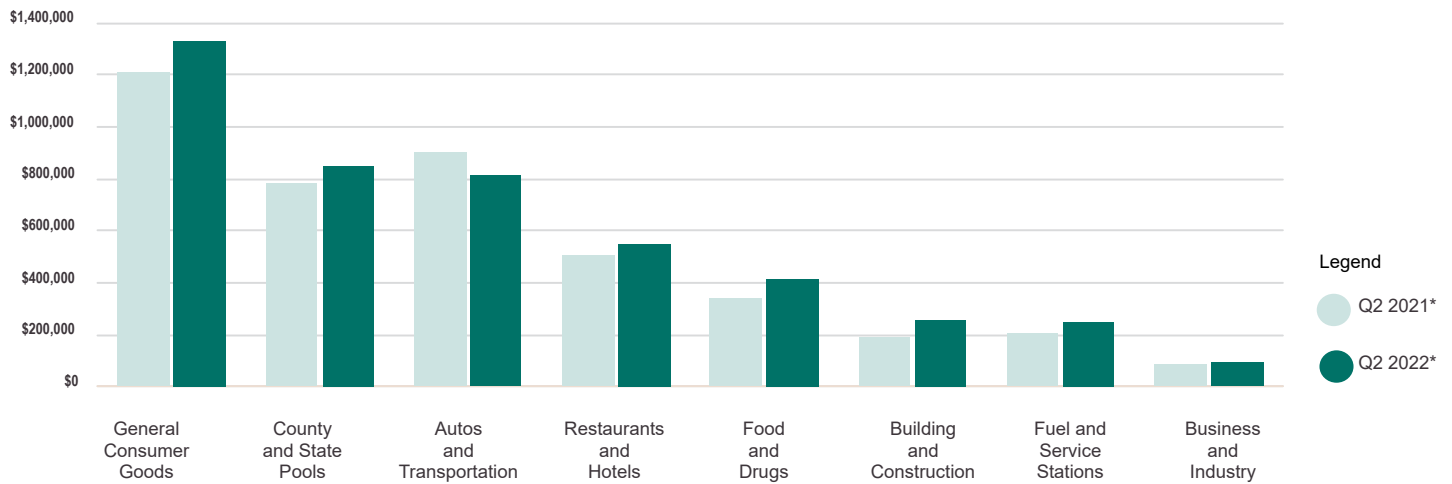


10.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure L

TOTAL: \$3,224,108

↑ 9.7%



CITY OF LA MESA HIGHLIGHTS

La Mesa's Bradley-Burns sales tax receipts from April through June were 1.5% above the second sales period in 2021, though this was artificially deflated by a large payment correction by an auto-leasing firm. Excluding this and other aberrations, actual sales were up 8.2%.

Local consumer goods retailers posted a 10% increase in sales, significantly exceeding the 3% statewide trend, though a single vendor was responsible for most of this improvement.

A new business opening helped to lift the building-construction sector, while new cannabis retail openings were

also a positive. Service station revenue jumped 24% on sky-high gasoline prices. Allocations from the countywide use tax pool also increased 8%.

Receipts from Measure L, the City's voter-approved three-quarters cent district tax, grew 9.7%, very similar to the Bradley-Burns sales tax results previously discussed.

Net of aberrations, taxable sales for all of San Diego County grew 13.5% over the comparable time period; the Southern California region was up 11.1%.



TOP 25 PRODUCERS

- | | |
|-----------------------|----------------------------|
| Arco | Penske Ford |
| Bob Stall Chevrolet | Penske Lincoln |
| Brigantine | Probuild Company |
| Burlington | Roofline Supply & Delivery |
| Carl Burgers Dodge | Ross |
| Chrysler Jeep World | Speedway |
| Center City Shell | Target |
| Chick Fil A | The Grove |
| Costco W Gas | Vons |
| Evergreen Evolution | Walmart |
| Guitar Center | |
| La Mesa Health Center | |
| La Mesa Lumber | |
| Lake Murray Ventures | |
| Macy's | |
| Massachusetts Arco | |



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.

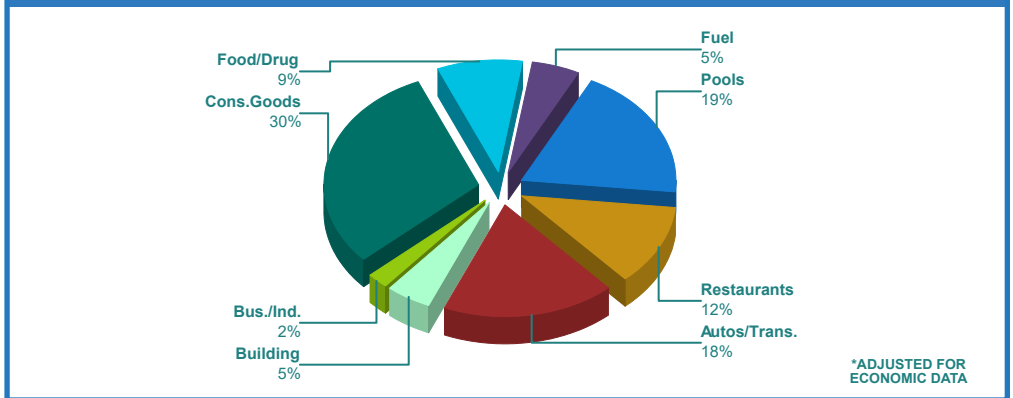
General consumer goods categories saw steady returns largely propped up by retailers also selling fuel. In comparison with the prior year when consumers were buying merchandise at a record pace, the current returns from apparel and jewelry stores grew moderately with home furnishings showing a slight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



TOP NON-CONFIDENTIAL BUSINESS TYPES

La Mesa Business Type	Q2 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	688.0	-11.7% ↓	4.3% ↑	6.6% ↑
Casual Dining	326.2	9.0% ↑	17.6% ↑	17.2% ↑
Service Stations	249.8	23.9% ↑	28.2% ↑	36.4% ↑
Cannabis Related	249.0	46.4% ↑	15.2% ↑	-12.8% ↓
Quick-Service Restaurants	145.6	0.9% ↑	10.0% ↑	5.2% ↑
Grocery Stores	88.3	4.9% ↑	5.2% ↑	5.3% ↑
Specialty Stores	81.0	-7.3% ↓	6.8% ↑	4.2% ↑
Family Apparel	78.9	-12.4% ↓	10.4% ↑	0.6% ↑
Convenience Stores/Liquor	72.4	-4.8% ↓	2.0% ↑	-0.3% ↓
Fast-Casual Restaurants	50.6	2.7% ↑	13.5% ↑	7.8% ↑

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