

# CITY OF ARROYO GRANDE

## SALES TAX UPDATE

### 3Q 2022 (JULY - SEPTEMBER)



#### ARROYO GRANDE

TOTAL: \$ 1,314,230

9.0%  
3Q2022



7.1%  
COUNTY

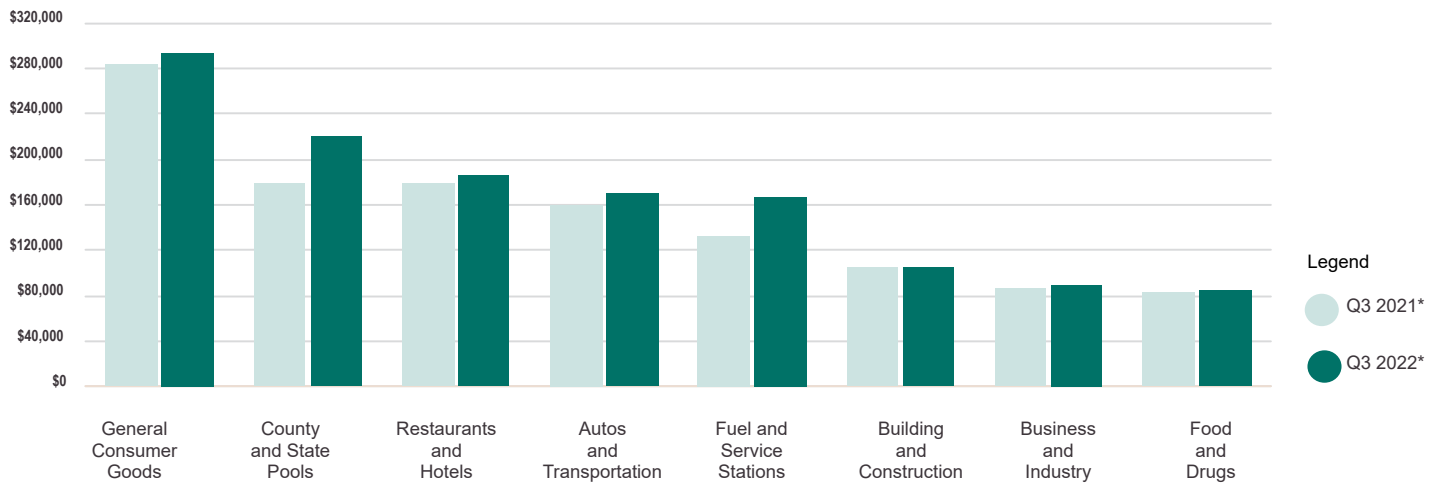


8.0%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure O-06

TOTAL: \$752,649

↑ 7.8%



#### CITY OF ARROYO GRANDE HIGHLIGHTS

Arroyo Grande's receipts from July through September were 23.0% above the third sales period in 2021. However, a double payment received exaggerated the comparison. Excluding reporting aberrations, actual sales were up 9.0%.

Increased summer tourism helped grow overall sales tax. Restaurants, especially sit-down casual dining establishments, experienced solid gains. Enhanced optional dining areas, continued demand to eat out and higher menu prices all helped contribute. With the global cost of crude oil still keeping gas prices high for commuters and travelers, revenue from service stations jumped 25%.

Strong demand and limited inventory

for vehicles causing elevated pricing for buyers contributed to a dramatic growth from auto-transportation vendors.

Further supporting the overall growth, allocations from the countywide use tax pool continues to be a bright spot, as the City's share grew 22% compared to a year ago.

The City's transaction tax, Measure O-06, experienced similar overall results with strong auto-transportation activity and gas stations receipts increasing the most.

Net of aberrations, taxable sales for all of San Luis Obispo County grew 7.1% over the comparable time period; the Central Coast region was up 7.2%.



#### TOP 25 PRODUCERS

- |                            |                        |
|----------------------------|------------------------|
| Ace Hardware               | Marshalls              |
| Arroyo Grande Arco AM PM   | Mason Bar              |
| Arroyo Grande Chevrolet    | Mobil                  |
| Arroyo Grande Valero       | Mullahey Ford          |
| Burke & Pace Lumber Sales  | Pacific Shore Stones   |
| Chevron                    | Rite Aid               |
| Donnas Interiors Furniture | Rugged Radios          |
| Gills Food Mart            | Smart & Final          |
| Grand Mart                 | Streator Pipe & Supply |
| In N Out Burger            | Trader Joes            |
| JB Dewar                   | Verizon Wireless       |
| John Deere Landscapes      | Wal Mart               |
| Katch Go                   |                        |



**STATEWIDE RESULTS**

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

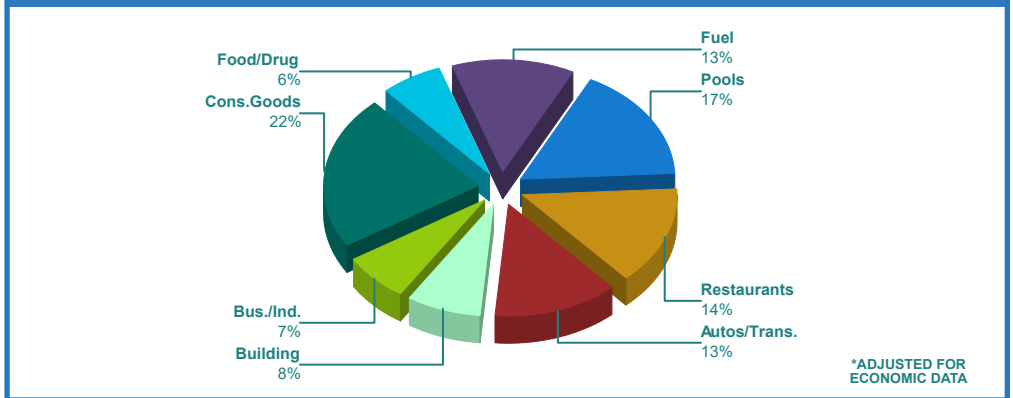
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

**REVENUE BY BUSINESS GROUP**  
Arroyo Grande This Quarter\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Arroyo Grande Business Type	Q3 '22*	Change	County Change	HdL State Change
Service Stations	153.7	33.7% ↑	25.2% ↑	18.5% ↑
Building Materials	73.0	-3.7% ↓	9.0% ↑	2.8% ↑
Quick-Service Restaurants	66.7	8.8% ↑	4.0% ↑	4.0% ↑
Casual Dining	60.2	-10.7% ↓	0.7% ↑	10.1% ↑
Grocery Stores	47.7	-0.4% ↓	1.8% ↑	3.0% ↑
Garden/Agricultural Supplies	38.5	-0.6% ↓	8.7% ↑	-2.1% ↓
Home Furnishings	37.0	15.1% ↑	-5.9% ↓	-6.2% ↓
Fast-Casual Restaurants	30.7	18.8% ↑	1.4% ↑	6.2% ↑
Electronics/Appliance Stores	27.0	9.6% ↑	11.3% ↑	3.7% ↑
Specialty Stores	21.8	2.4% ↑	12.0% ↑	4.0% ↑

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