

CITY OF SAN MARCOS

SALES TAX UPDATE

1Q 2022 (JANUARY - MARCH)

SAN MARCOS
Discover Life's Possibilities

SAN MARCOS

TOTAL: \$ 5,099,355

10.6%

1Q2022



20.0%

COUNTY



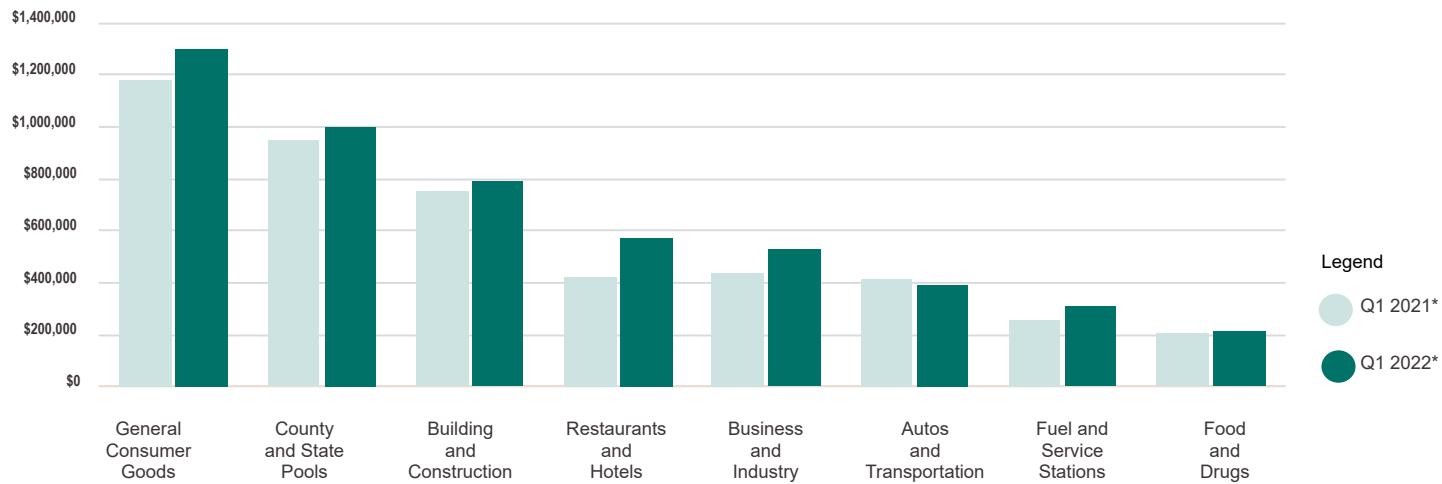
17.1%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF SAN MARCOS HIGHLIGHTS

San Marcos' receipts from January through March were 12.8% above the first sales period in 2021. Excluding reporting aberrations, actual sales were up 10.6%.

The largest factor in this improvement was a surge in tax revenue from casual dining restaurants. Payments grew 64%, outpacing the 56% statewide trend, after the recent opening of several new eateries in the city added to the overall post-pandemic rebound.

Local general consumer goods retailers booked another successful quarter with consumers out shopping again. Service station receipts spiked after the February Russian invasion of Ukraine resulted in higher prices at the pump. Local business-industrial activity was strong in a variety of categories, and tax revenue grew 21% for this major industrial group,

outpacing the 10% statewide trend.

The sale of building material supplies advanced amid the ongoing construction boom and high inflation. Allocations from the countywide use-tax pool also grew 5%.

Conversely, auto-transportation related receipts dropped 4% amid growing headwinds for the industry including high gasoline prices and increasing financing costs.

Net of aberrations, taxable sales for all of San Diego County grew 20.0% over the comparable time period; the Southern California region was up 19.2%.

ABC Supply Co

Albertsons
Ashley Furniture Homestore
Aztec Technology
Best Buy
Biggs Harley Davidson
Chevron
Circle K 76
Costco
Crop Production Services
Holland RV
Home Depot
Hughes Water & Sewer
Jerome's
Krc Rock
Landsberg Orora
Marshalls

Modern Builders Supply
Nordstrom Rack
Pacific Pipeline Supply
Ralphs
Roofing Wholesale
Ross
San Marcos Mobil
Walmart



TOP 25 PRODUCERS



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.

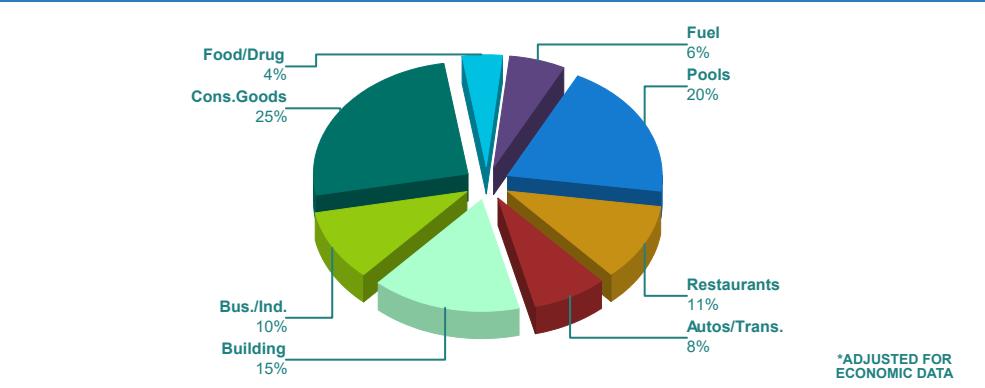
Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over

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

San Marcos This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

San Marcos Business Type	Q1 '22*	Change	County Change	HdL State Change
Building Materials	445.5	11.4% ↑	7.7% ↑	7.8% ↑
Service Stations	292.2	24.4% ↑	37.2% ↑	43.3% ↑
Casual Dining	272.6	64.3% ↑	64.8% ↑	55.8% ↑
Home Furnishings	243.6	15.7% ↑	3.0% ↑	0.9% ↑
Contractors	228.3	-4.5% ↓	18.8% ↑	20.0% ↑
Quick-Service Restaurants	228.0	12.1% ↑	8.9% ↑	7.8% ↑
Electronics/Appliance Stores	130.9	-8.0% ↓	34.1% ↑	12.5% ↑
Grocery Stores	126.4	-0.9% ↓	3.0% ↑	3.3% ↑
Plumbing/Electrical Supplies	104.3	4.1% ↑	30.6% ↑	40.3% ↑
Garden/Agricultural Supplies	97.4	30.7% ↑	12.3% ↑	2.6% ↑

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*In thousands of dollars