

# CITY OF VALLEJO

## SALES TAX UPDATE

### 1Q 2022 (JANUARY - MARCH)



#### VALLEJO

TOTAL: \$ 4,341,679

6.0%  
1Q2022



12.3%  
COUNTY



17.1%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure V

TOTAL: \$4,876,256

6.9%



#### CITY OF VALLEJO HIGHLIGHTS

Vallejo's receipts from January through March were 11.7% above the first sales period in 2021. Excluding reporting aberrations, actual sales were up 6.0%.

Restaurants-hotels experienced another solid pandemic-based recovery; 11% growth occurred as customers appeared unfazed by more expensive menus and populated eateries. With the global cost of crude oil resulting in higher gas prices locally, revenue from service stations soared 34%.

Expansion of brand options over the past year broadened taxes contributed by autos-transportation; new vehicle dealerships rose 17% which more than made up for sales declines by used

car sellers. General consumer goods nudged upward 3%; better numbers in some segments combined to exceed a decrease in home furnishings and apparel.

Regional competition and year-ago stronger interest pulled cannabis activity down; the food-drugs industry overall fell 10% even though grocers filed modestly greater returns. Pool use tax allocations rose 1%.

The bulk of Measure V's comparative increase came from autos, contractors, dining venues and fuel sellers.

Net of aberrations, taxable sales for all of the Bay Area grew 17.9%.



#### TOP 25 PRODUCERS

- |                         |                             |
|-------------------------|-----------------------------|
| Arco AM PM              | Sinclair                    |
| Au Energy Shell Station | Target                      |
| Autolinx                | Team Chevrolet Cadillac     |
| Avery Greene Honda      | Mazda Hyundai               |
| Best Buy                | Tesla Motors                |
| Chick Fil A             | Texaco Power Market         |
| Costco                  | Toyota Vallejo              |
| Factory Os              | Tributary Point Arco        |
| Foster Lumber Yard      | Vallejo Nissan              |
| Home Depot              | Walmart Neighborhood Market |
| Lowes                   |                             |
| Marshalls               |                             |
| McDonald's              |                             |
| Ross                    |                             |
| Safeway                 |                             |
| Safeway Fuel            |                             |



**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.

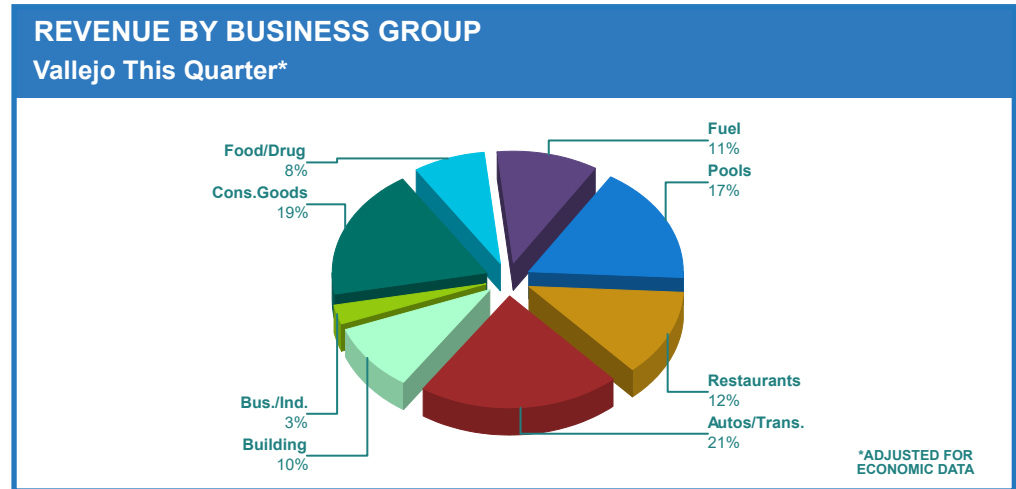
Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning

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.



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Vallejo Business Type	Q1 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	639.7	17.0% ↑	9.3% ↑	18.7% ↑
Service Stations	462.3	33.6% ↑	36.1% ↑	43.3% ↑
Building Materials	308.0	2.0% ↑	2.2% ↑	7.8% ↑
Quick-Service Restaurants	279.1	0.3% ↑	4.2% ↑	7.8% ↑
Casual Dining	190.2	34.6% ↑	47.2% ↑	55.8% ↑
Grocery Stores	130.9	2.0% ↑	-0.8% ↓	3.3% ↑
Contractors	104.2	5.8% ↑	19.0% ↑	20.0% ↑
Used Automotive Dealers	97.2	-30.4% ↓	14.8% ↑	8.0% ↑
Convenience Stores/Liquor	86.7	9.7% ↑	6.1% ↑	1.8% ↑
Electronics/Appliance Stores	86.1	-9.9% ↓	-6.0% ↓	12.5% ↑

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