

# CITY OF LEMON GROVE

## SALES TAX UPDATE

### 1Q 2022 (JANUARY - MARCH)



#### LEMON GROVE

TOTAL: \$ 1,834,285

14.8%  
1Q2022



20.0%  
COUNTY

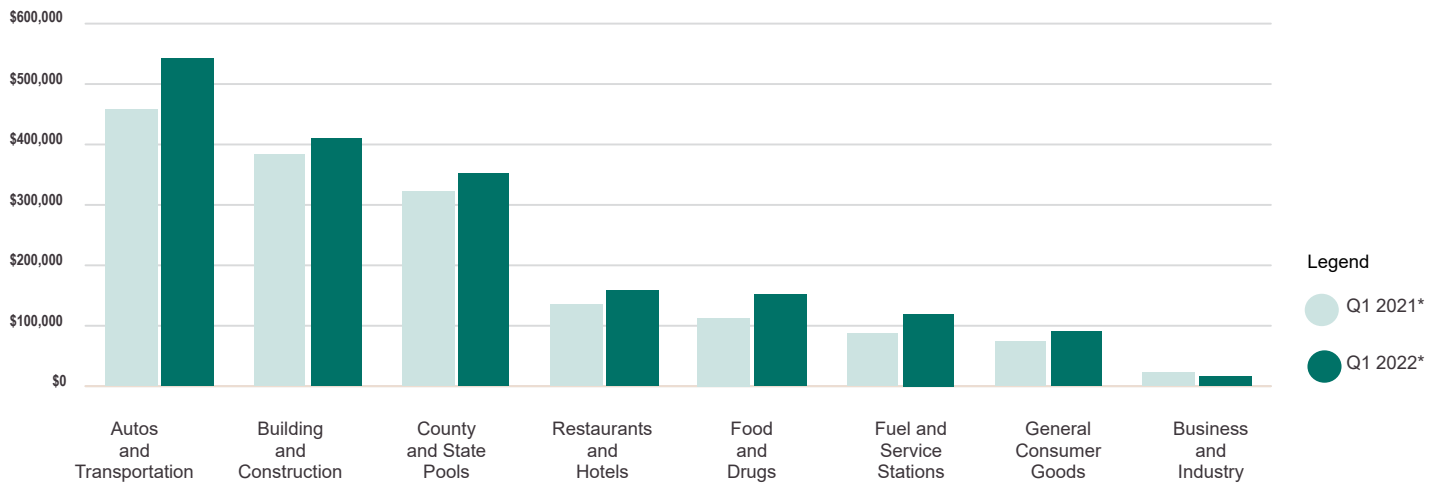


17.1%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF LEMON GROVE HIGHLIGHTS

Lemon Grove's gross receipts from January through March were 16.5% above the first sales period in 2021. Adjustments for delayed payments, audit and other reporting modifications resulted in actual sales that were up 14.8%. Place of sale collections soared 16.3% compared to a year ago. Overall, the regional economy demonstrated strength and resiliency during the first three months of the year.

Spending on vehicles and repairs boosted autos-transportation receipts – once again out-pacing the county and state growth averages. The high cost of construction supplies and ongoing improvement projects boosted the building construction group. Restaurants, especially casual dining, experienced another sensational sales period as patrons seemed unfazed by

more expensive menus and enjoyed the experience of dining out. Food-drug receipts jumped up with strong grocery and convenience store sales – as well as a new business. With the global cost of crude oil causing higher local gas prices, revenue from service stations skyrocketed.

General consumer goods grew 19% as shoppers enjoyed visiting specialty and other stores during the post-holiday period. An almost 9% increase in allocations from the countywide use tax pool contributed to the positive quarterly outcome as the pools remain a solid source of local revenue, boosted by taxes on e-commerce.

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



#### TOP 25 PRODUCERS

Albertsons	RCP Block & Brick
Arco AM PM	Shell
Chevron	Smith Shade & Linoleum
Discount Tire	Texaco
EW Truck & Equipment Company	The Boulevard
Food 4 Less	Thompson Building Materials
Golden State Gasoline	Toyota Lease Trust
GTM Discount General Store	Wellgreens Dispensary
Harbor Freight Tools	
Home Depot	
Honda Lease Trust	
In N Out Burger	
Larry H Miller Toyota Lemon Grove	
McDonalds	
Mossy Honda Lemon Grove	
Onyx Moto	
Petco	



## 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.

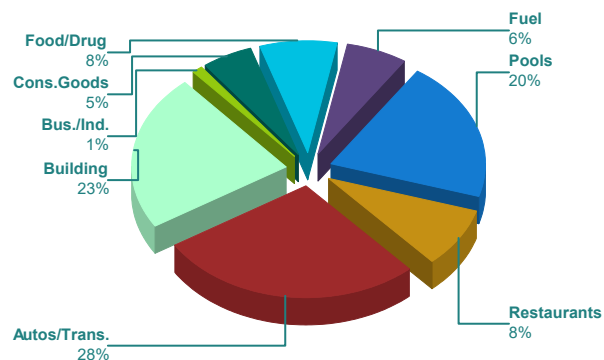
These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the 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 Lemon Grove This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

## TOP NON-CONFIDENTIAL BUSINESS TYPES

Lemon Grove Business Type	Q1 '22*	Change	County Change	HdL State Change
Building Materials	361.8	6.7% ↑	7.7% ↑	7.8% ↑
Service Stations	119.3	36.2% ↑	37.2% ↑	43.3% ↑
Quick-Service Restaurants	108.9	6.7% ↑	8.9% ↑	7.8% ↑
Grocery Stores	67.1	14.8% ↑	3.0% ↑	3.3% ↑
Casual Dining	36.5	63.4% ↑	64.8% ↑	55.7% ↑
Automotive Supply Stores	33.8	6.0% ↑	3.8% ↑	4.6% ↑
Convenience Stores/Liquor	25.4	14.9% ↑	2.9% ↑	1.8% ↑
Auto Lease	25.1	-3.5% ↓	-9.4% ↓	-7.5% ↓
Auto Repair Shops	20.8	22.7% ↑	16.9% ↑	22.0% ↑
Specialty Stores	19.3	44.6% ↑	15.4% ↑	10.9% ↑

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\*In thousands of dollars