

CITY OF FOWLER

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



FOWLER

TOTAL: \$ 462,319

-0.3%
4Q2022



2.4%
COUNTY

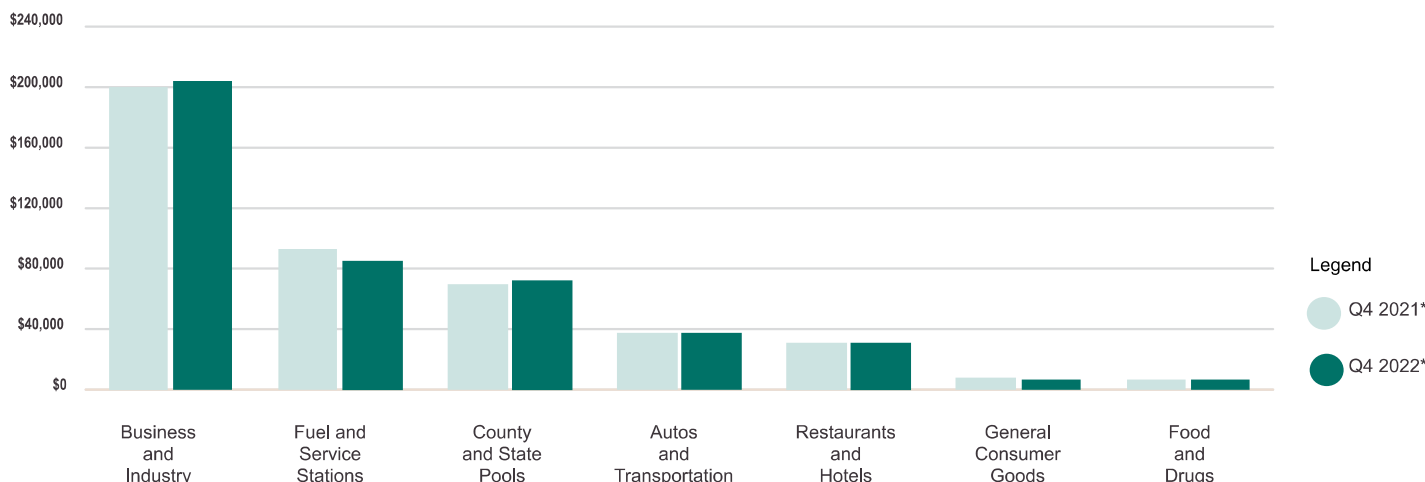


4.6%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure N

TOTAL: \$486,567



-5.6%



CITY OF FOWLER HIGHLIGHTS

Fowler's receipts from October through December were 3.5% above the fourth sales period in 2021. Excluding reporting aberrations, actual sales were down 0.3%.

The uncertain economic outlook impacted spending choices as consumers and businesses dealt with higher prices for gas, food, and rising interest rates with federal policy maker efforts to curb inflation. Business-industry receipts rose modestly after recent quarters with strong onetime investments reported. The allocation for the countywide use tax pool improved with some business investments, even as general merchandise and vehicle purchases dipped from the prior year.

Locally, the retail sector felt the pinch during the holiday season as shoppers had less focus

on general consumer goods. While gas prices remained elevated, volume dipped for lower service stations sales. Crude oil and pump prices have been declining and less demand is anticipated in 2023.

While quick service restaurant receipts rose modestly, fewer visits for in person dining offset these gains. Recent reports indicate some slowdown may be coming in the form of fewer restaurant visits or selecting more affordable menu options to save money.

Measure N declined with lower fuel sales fewer new vehicles purchased and a drop within business-industry, particularly in food service equipment. Net of aberrations, taxable sales for all of Fresno County grew 2.4% over the comparable time period; the San Joaquin Valley was up 5.4%.



TOP 25 PRODUCERS

76	Liquor Cabinet Market
Amerigas Propane	McDonald's
Arco AM PM	Mid Valley Packaging & Supply
Big Tex Trailers	Packline Technologies
Borga Steel Buildings & Components	Pape Machinery
Carl's Jr	PBM Supply & Manufacturing
Central States Industrial Equipment	R & R Truck & Trailer Repair
Chevron Shop N Go	Shell
Denny's	Sierra Auto Center
Dollar General	Taco Bell
Family Motors	Textrail Trailer Parts
Freedom Forever Procurement	
Jack in the Box	
Johnny Quik	



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of October through December were 4.7% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing its greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-

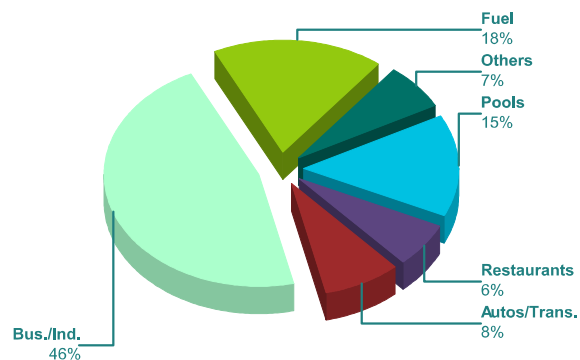
construction sector. With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency's coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller's payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California's taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP Fowler This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Fowler Business Type	Q4 '22	Change	County Change	HdL State Change
Service Stations	73,010	-10.0% ↓	6.2% ↑	7.5% ↑
Quick-Service Restaurants	21,947	10.2% ↑	3.5% ↑	5.7% ↑
Fuel/Ice Dealers	12,006	2.9% ↑	22.1% ↑	3.0% ↑
Casual Dining	9,789	-14.8% ↓	4.2% ↑	8.1% ↑
Auto Repair Shops	8,836	-9.1% ↓	0.6% ↑	6.5% ↑
Business Services	130	5.1% ↑	11.3% ↑	7.6% ↑

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