

CITY OF CORONA

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



CORONA

TOTAL: \$ 13,694,228

6.6%
1Q2023



-1.5%
COUNTY



-1.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure X

TOTAL: \$10,248,924

↓ -1.9%



CITY OF CORONA HIGHLIGHTS

Corona's receipts from January through March were 21.4% above the first sales period in 2022, buoyed by a large recovery of previously misallocated funds garnered by the City's ongoing point-of-sale audit program. Excluding this and other reporting aberrations, actual sales were up 6.6%.

The audit recovery additionally boosted the City's share of the countywide use-tax pool since this revenue is allocated among local agencies based on proportional cash receipts each quarter.

The recent addition of a new business-industrial operation in Corona was also significantly positive.

Tax proceeds from contractors and plumbing along with electrical suppliers declined; the wettest winter weather in decades may have delayed numerous projects.

Measure X underperformed the Bradley-Burns tax receipts previously discussed. As a destination-based tax, this revenue did not benefit from the new business-industrial operation since the entity ships most of its goods to buyers in other jurisdictions.

Net of aberrations, taxable sales for all of Riverside County declined 1.5% over the comparable time period; the Southern California region was down 0.9%.



TOP 25 PRODUCERS

- Agile Sourcing Partners
- All American Asphalt
- Amazon MFA
- American Electric Supply
- Anixter
- Auto Gallery Mitsubishi Corona
- CardinaleWay Hyundai
- Chevron
- Circle K
- Corona Nissan
- Costco
- Culver Newlin
- Downs Energy
- Freedom Forever Procurement
- Ganahl Lumber Company
- Guest Supply
- Home Depot
- Larry H Miller Toyota Corona
- Liberty Glass Fabricators
- Robertsons Ready Mix
- Sams Club w/ Fuel
- Spreen Honda Corona
- Stater
- Target
- Walmart Supercenter



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

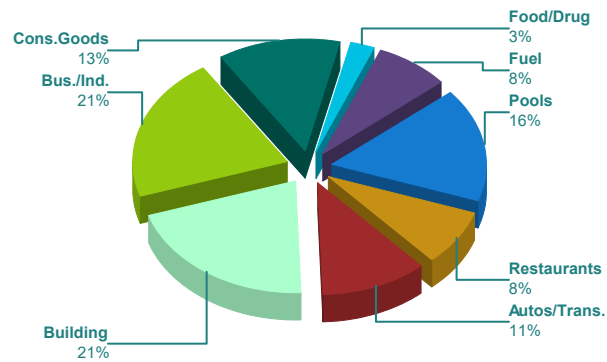
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

REVENUE BY BUSINESS GROUP Corona This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Corona Business Type	Q1 '23*	Change	County Change	HdL State Change
Contractors	1,684.1	-13.6% ↓	-13.6% ↓	-12.7% ↓
Discount Dept Stores	919.1	-3.7% ↓	1.0% ↑	-0.6% ↓
New Motor Vehicle Dealers	885.9	4.3% ↑	-3.8% ↓	0.8% ↑
Service Stations	658.5	-18.9% ↓	-11.4% ↓	-9.8% ↓
Building Materials	618.5	-4.2% ↓	-12.6% ↓	-9.7% ↓
Casual Dining	520.8	3.0% ↑	8.0% ↑	9.7% ↑
Plumbing/Electrical Supplies	499.6	-13.2% ↓	0.0% ↓	-4.5% ↓
Quick-Service Restaurants	447.0	3.4% ↑	5.0% ↑	5.1% ↑
Heavy Industrial	366.1	-7.5% ↓	7.6% ↑	-5.5% ↓
Grocery Stores	218.7	5.0% ↑	5.7% ↑	5.4% ↑

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*In thousands of dollars