

CITY OF CORONA

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



CORONA

TOTAL: \$ 15,519,999

8.2%
3Q2023



-2.0%
COUNTY

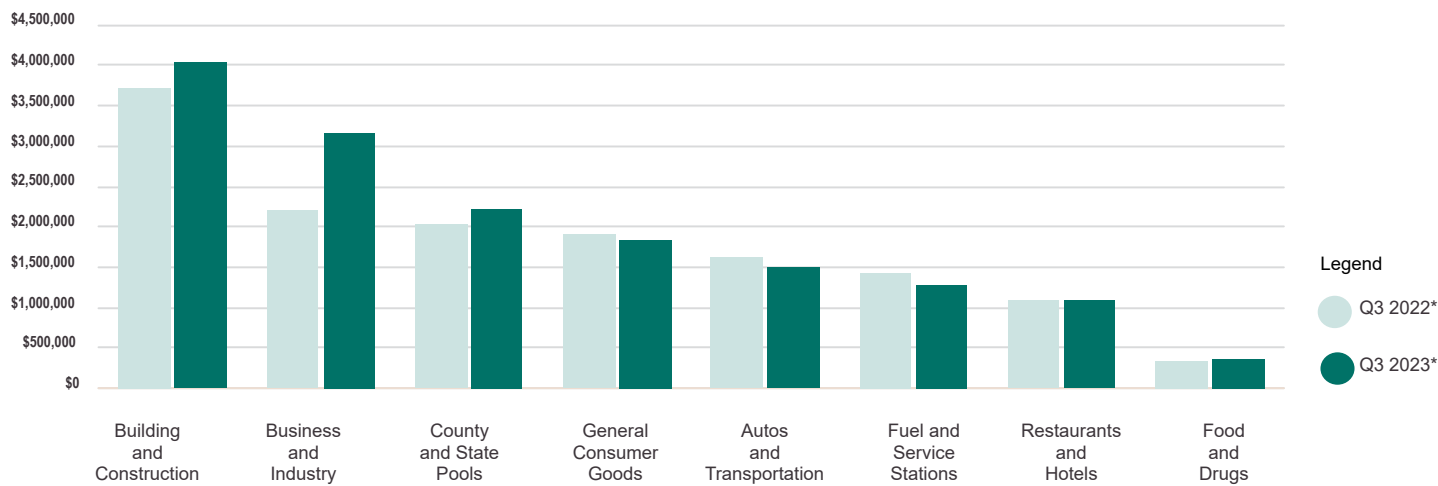


-1.7%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure X

TOTAL: \$10,803,524

↓ -3.9%



CITY OF CORONA HIGHLIGHTS

Corona's receipts from July through September were 9.7% above the third sales period in 2022. Excluding reporting aberrations, actual sales were up 8.2%.

The largest contributor to this remarkable performance was the emergence of a new business-industrial venture in Corona, which significantly bolstered the City's tax revenue. This positive development also lifted the City's share of the countywide use-tax pool, since this revenue is allocated among local agencies based on their proportional cash receipts.

Additionally, revenue from contractors experienced a surge as construction

activity resumed following a pause caused by unfavorable weather conditions earlier in the year.

However, Measure X, did not perform as well as the previously discussed Bradley-Burns results. The main reason for this discrepancy is that Measure X, as a destination-based transactions tax, did not benefit from the new business-industrial operation since that firm predominately sells goods for delivery to other jurisdictions.

Net of aberrations, taxable sales for all of Riverside County declined 1.9% over the comparable time period; the Southern California region was down 1.4%.



TOP 25 PRODUCERS

- | | |
|--------------------------|------------------------------|
| Agile Sourcing Partners | Home Depot |
| All American Asphalt | Larry H Miller Toyota Corona |
| Amazon Com Services | Robertsons Ready Mix |
| Amazon MFA | Sams Club w/ Fuel |
| American Electric Supply | Spreen Honda Corona |
| Anixter | Supply Patriot |
| CardinaleWay Hyundai | Target |
| Chevron | Vulcan Materials |
| Circle K | Walmart Supercenter |
| Corona Nissan | West Coast Copper Supply |
| Costco | |
| Culver Newlin | |
| Downs Energy | |
| Ganahl Lumber | |
| Guest Supply | |



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

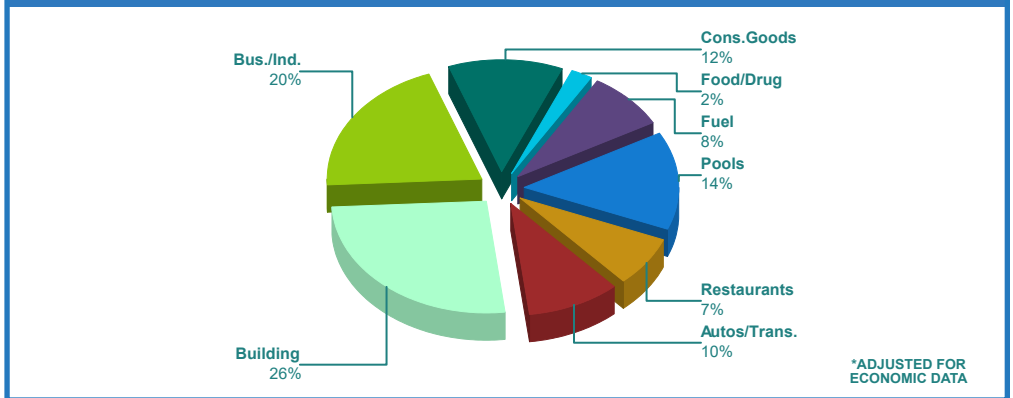
Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP Corona This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Corona Business Type	Q3 '23*	Change	County Change	HdL State Change
Contractors	2,712.4	20.3% ↑	7.9% ↑	-1.1% ↓
Discount Dept Stores	1,020.3	-3.1% ↓	2.6% ↑	0.2% ↑
New Motor Vehicle Dealers	815.2	-8.8% ↓	-0.1% ↓	-2.5% ↓
Service Stations	794.5	-12.3% ↓	-7.8% ↓	-7.3% ↓
Building Materials	779.5	5.6% ↑	-8.8% ↓	-2.7% ↓
Plumbing/Electrical Supplies	528.8	-24.4% ↓	-9.0% ↓	-3.8% ↓
Casual Dining	512.9	0.8% ↑	1.5% ↑	2.8% ↑
Quick-Service Restaurants	462.8	0.2% ↑	1.9% ↑	2.7% ↑
Heavy Industrial	447.0	-0.9% ↓	8.9% ↑	-6.2% ↓
Grocery Stores	228.2	1.1% ↑	-0.1% ↓	2.3% ↑

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*In thousands of dollars