



Staff Report

File #: 24-0082

REQUEST FOR CITY COUNCIL ACTION

DATE: 02/07/2024

TO: Honorable Mayor and City Council Members

FROM: Finance Department

SUBJECT:
QUARTERLY SALES TAX REPORT - 2023, QUARTER 3 (JULY - SEPTEMBER)

EXECUTIVE SUMMARY:

HdL Companies is contracted by the City of Corona to provide sales tax consulting services, which includes quarterly data reports. The sales tax report for Quarter 3 2023 is provided to the City Council as a receive and file item.

RECOMMENDED ACTION:

That the City Council receives and files the quarterly sales tax information from HdL Companies for Quarter 3 2023 (July - September).

BACKGROUND & HISTORY:

HdL Companies is contracted to provide sales tax consulting services for the City. On a quarterly basis, they review and analyze the City's sales tax activity. Their resources provide them with information to understand sales tax trends and how the City is performing compared to agencies near Corona, agencies in Riverside County, Southern California, and the State. There is a one-quarter lag in when the information is available to the HdL Companies for their review and analysis.

ANALYSIS:

The quarterly sales tax report is provided for Quarter 3 2023 (July - September). Highlights of the report are included below. Additional details can be found in the attached quarterly report and exhibits.

Quarter 3 2023 (July - September)

Corona's sales tax receipts from January through March 2023 were 9.7% above the same period in 2022. Excluding reporting aberrations, actual sales were up 8.2%. The largest contributor to the City's performance is a new business-industrial operation in Corona and it has a significant positive

impact on the quarter's results. This also helped to increase the City's share of the countywide use-tax pool, since the revenue is allocated among local agencies based on their proportional cash receipts. The City's largest sales tax industry groups for Quarter 3 are Building and Construction, Business and Industry, and the Countywide Sales Tax Pool.

Comparing taxable sales tax activity between Q3 2023 and Q3 2022, Riverside County declined by 1.9%, the Southern California region was down by 1.4%, and the State of California was down by 1.6% (net of reporting aberrations).

Measure X sales tax activity did not perform as well as the general City sales tax activity, with a decrease of 3.9% as compared to Q3 2022. As a destination-based tax, the revenue stream did not benefit from the new business-industrial operation since the entity ships most of its goods to buyers in other jurisdictions. The largest sales tax industry groups within Measure X are General Consumer Goods, Autos and Transportation, and Business and Industry.

FINANCIAL IMPACT:

There is no financial impact associated with the recommended action.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to receive and file a quarterly sales tax report, and there is no possibility that approval of the recommended actions will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: KIM SITTON, FINANCE DIRECTOR

REVIEWED BY: BRETT CHANNING, ASSISTANT CITY MANAGER

Attachments:

1. Exhibit 1 - 2023-Q3 Sales Tax Update Report
2. Exhibit 2 - 2023-Q3 Sales Tax Update Newsletter
3. Exhibit 3 - 2023-Q3 HdL California Consensus Forecast