

CITY OF CORONA

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



CORONA

TOTAL: \$ 15,624,448

10.3%
2Q2023



-2.9%
COUNTY

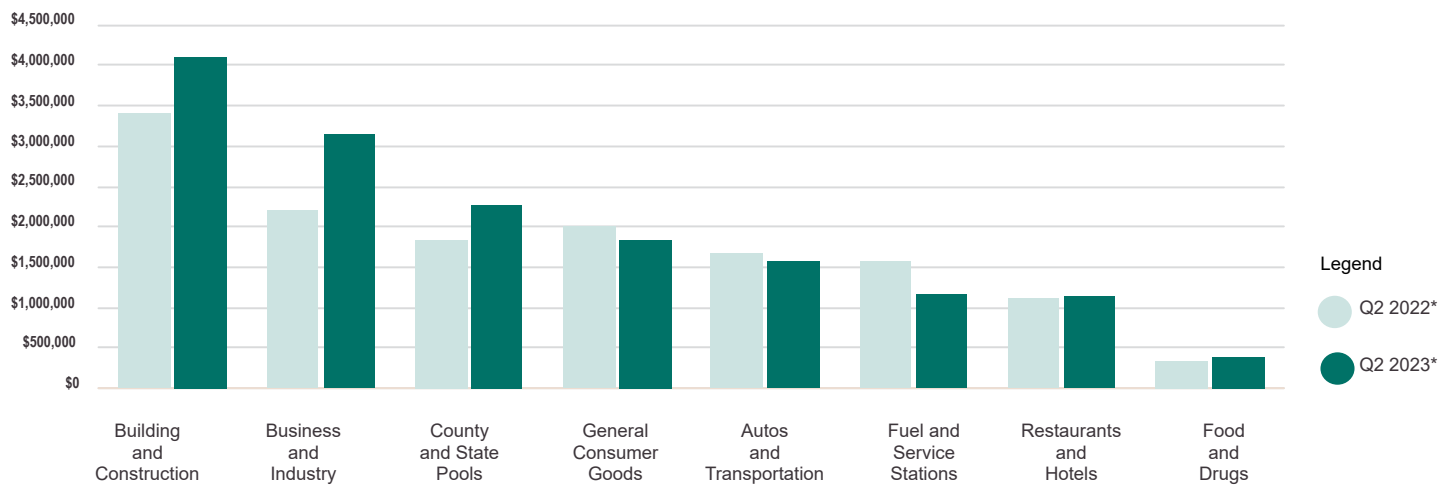


-2.9%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure X

TOTAL: \$10,878,838

↓ -5.8%



CITY OF CORONA HIGHLIGHTS

Corona enjoyed a 17.5% increase in cash receipts from April to June compared to the second sales period in 2022. However, a portion of this growth was the result of an audit recovery of revenue that had been previously misallocated to other jurisdictions. Excluding this and other reporting aberrations, actual sales were up a still impressive 10.3%.

The primary driver behind this positive trend was the recent addition of a new business-industrial operation in Corona.

Contractor sales also bounced back from last quarter's rain-impaired result. These positive developments additionally lifted allocations from the countywide use-tax

pool since these funds are appropriated among local agencies based on proportional cash receipts.

Measure X did not perform as well as the previously discussed Bradley-Burns results. Consequently, as a destination-based tax, allocations did not benefit from the new business-industrial operation since most of this entity's sales are delivered to buyers in other jurisdictions.

Net of aberrations, taxable sales for all of Riverside County declined 2.9% over the comparable time period; the Southern California region was down 2.9%.



TOP 25 PRODUCERS

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



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

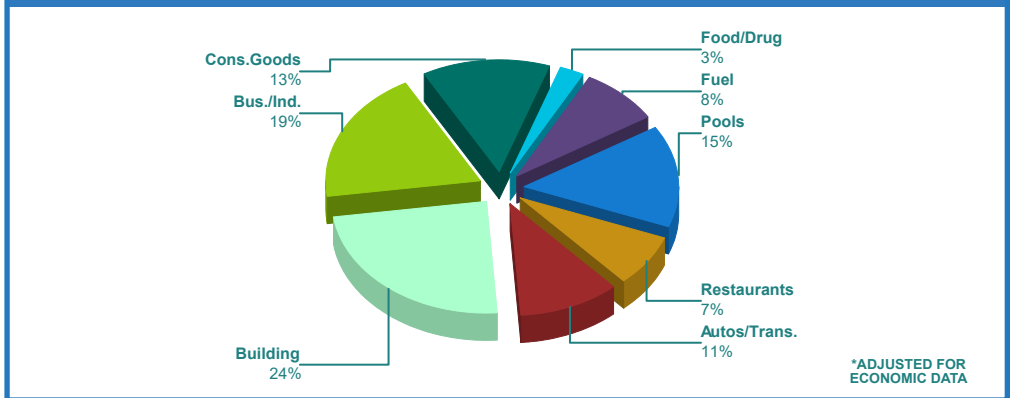
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

REVENUE BY BUSINESS GROUP Corona This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Corona Business Type	Q2 '23*	Change	County Change	HdL State Change
Contractors	2,795.6	38.4% ↑	3.0% ↑	-3.0% ↓
Discount Dept Stores	981.2	-9.0% ↓	-4.3% ↓	-5.9% ↓
New Motor Vehicle Dealers	894.3	-5.1% ↓	1.5% ↑	-0.3% ↓
Building Materials	738.2	7.2% ↑	-16.8% ↓	-8.0% ↓
Service Stations	732.1	-26.6% ↓	-20.2% ↓	-19.9% ↓
Plumbing/Electrical Supplies	555.0	-19.0% ↓	-2.5% ↓	-4.1% ↓
Casual Dining	547.6	4.2% ↑	3.6% ↑	4.6% ↑
Quick-Service Restaurants	460.8	1.6% ↑	3.1% ↑	3.1% ↑
Heavy Industrial	458.1	10.2% ↑	-1.0% ↓	-5.5% ↓
Grocery Stores	243.7	2.7% ↑	0.6% ↑	2.9% ↑

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*In thousands of dollars