

CITY OF MANTECA

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



MANTECA

TOTAL: \$ 4,296,205

-1.1%

1Q2023



-6.8%

COUNTY



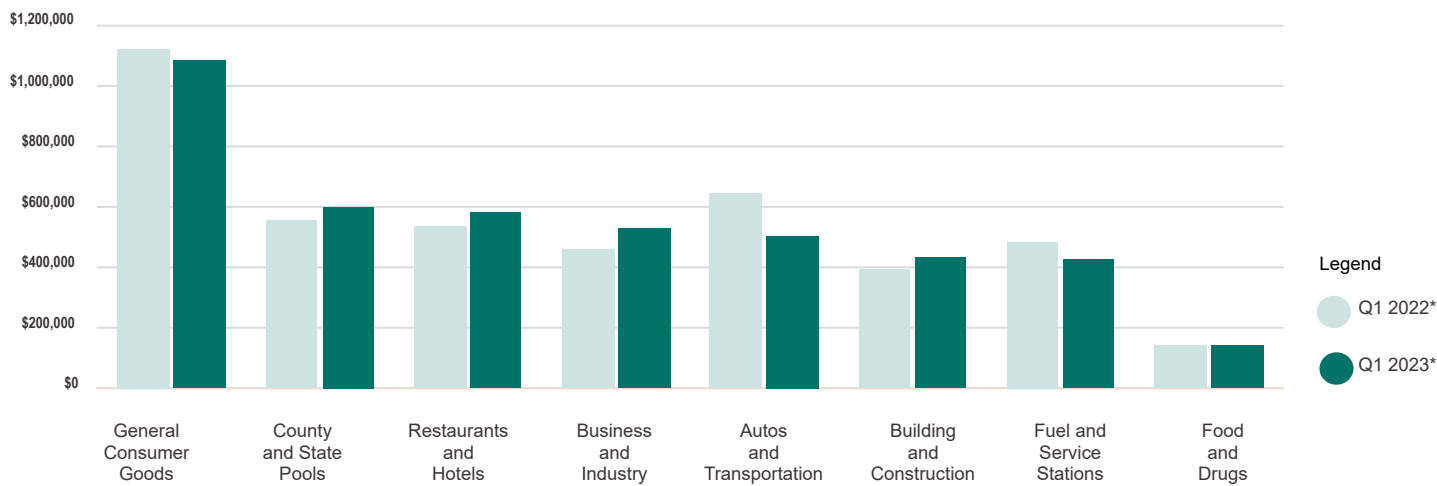
-1.1%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure M

TOTAL: \$2,321,305

↓ -3.2%



CITY OF MANTECA HIGHLIGHTS

Manteca's receipts from January through March were flat compared to the first sales period in 2022. Excluding reporting adjustments, including late payments, receipts for the period were down 1.1%.

Receipts were up over 17% at this time last year, building on a 31% increase from the year before that. Consequently, it is no surprise that the economy is finally bringing a slow-down in activity, especially in vehicle sales. This period, auto sales were mixed but markedly lower in light of the hyperactivity in the prior year.

Falling fuel prices coupled with wet weather, which likely curtailed some

travel, cut receipts from gas stations by 12%. Meanwhile, spending on general consumer goods dipped slightly, despite an increase in purchases of beauty aids and pet care products.

Measure M's results reflect all of the above, plus a sharp downturn in construction spending for imported materials.

Net of adjustments, taxable sales for all of San Joaquin County declined 6.8% over the comparable time period while those of the San Joaquin Valley were down 2.9%.



TOP 25 PRODUCERS

Amazon Com Services	Cruisers Manteca
Amazon MFA	Great Wolf Lodge
American Modular Systems	Home Depot
Arco	J M Equipment Company
Arco AM PM	Living Spaces Furniture
B R Funsten & Company	Manteca Ford
Bass Pro Shops Outdoor World	Manteca Trailer & Motorhome
Cabral Chrysler Jeep Dodge Ram Fiat	Ross
Chevron	Target
Chick Fil A	TJ Maxx
Core & Main Lp	Walmart Supercenter
Cornerstone Industries	
Costco	
Country Kia	

HdL Companies



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

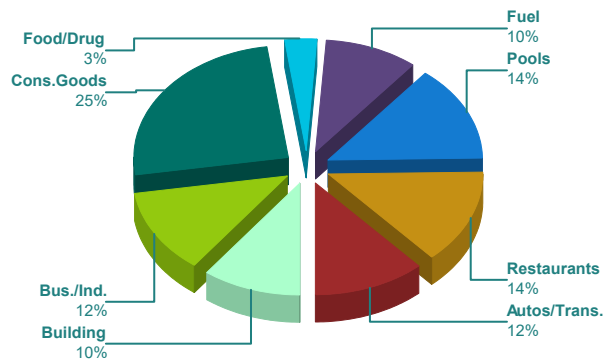
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number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



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Manteca Business Type	Q1 '23*	Change	County Change	HdL State Change
Service Stations	413.1	-11.9% ↓	-10.6% ↓	-9.8% ↓
Quick-Service Restaurants	255.3	1.0% ↑	4.6% ↑	5.1% ↑
Building Materials	241.4	-4.2% ↓	-3.2% ↓	-9.7% ↓
Casual Dining	185.7	9.8% ↑	5.6% ↑	9.7% ↑
Contractors	142.7	57.1% ↑	-27.4% ↓	-12.6% ↓
Family Apparel	109.9	-0.7% ↓	3.9% ↑	2.3% ↑
Sporting Goods/Bike Stores	92.5	-2.4% ↓	-6.3% ↓	-8.1% ↓
Grocery Stores	79.6	9.7% ↑	6.1% ↑	5.4% ↑
Automotive Supply Stores	78.7	2.5% ↑	9.1% ↑	5.4% ↑
Heavy Industrial	76.6	-36.5% ↓	-6.7% ↓	-5.5% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars