

# CITY OF MANTECA

## SALES TAX UPDATE

### 2Q 2023 (APRIL - JUNE)



#### MANTECA

TOTAL: \$ 4,782,673

0.5%  
2Q2023



-2.2%  
COUNTY

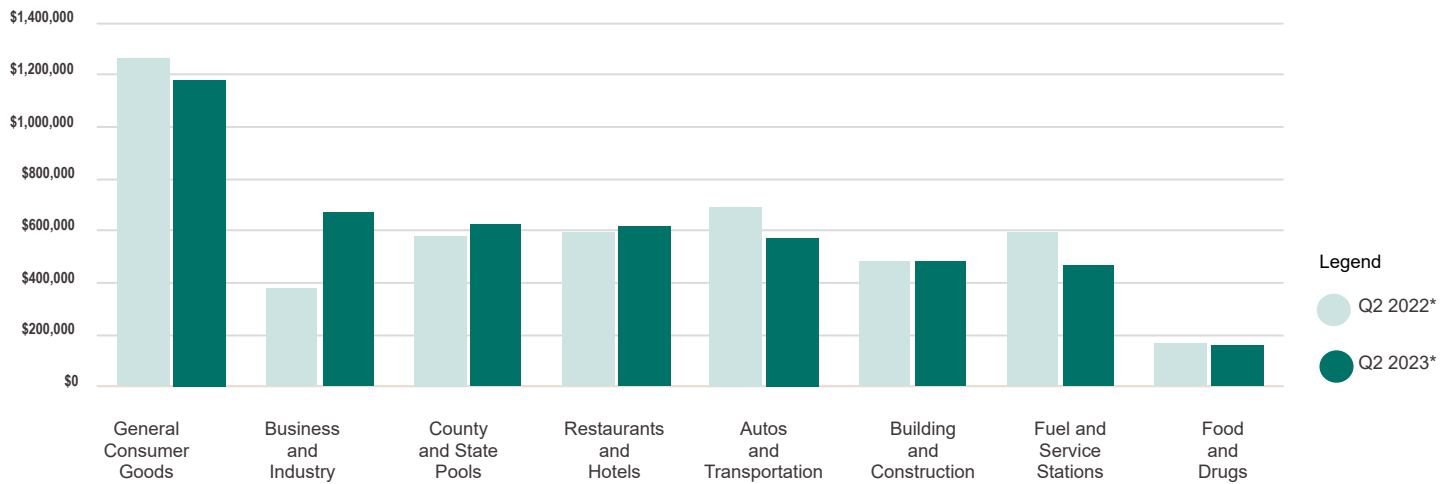


-3.0%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure M

TOTAL: \$2,560,257

↓ -5.3%



#### CITY OF MANTECA HIGHLIGHTS

Manteca's receipts from April through June were 5.5% above the second sales period in 2022. Excluding reporting aberrations, actual sales were up 0.5%.

The business-industry group drove gains this quarter with as previously reported due to ecommerce facilities reporting locally. Allocations from the countywide use tax pool improved even with declines in vehicle/general merchandise sales and shifting activity directly to local place of sale from out of state locations. Patrons sought out sit-down experiences at casual eateries or the convenience of quick service options for growth in restaurant revenues.

Fuel-service station payments suffered when compared to the cost to fill up at

the pump last spring. Spending on auto needs slumped as financing costs can be a challenge for consumers seeking a replacement vehicle.

General consumer goods activity dropped as shoppers moved away from most of these types of purchases; family apparel sales rose modestly to help offset the decline.

Measure M received fewer receipts as the high financing environment hurt new car purchases by residents. In addition, service station and building materials sales contributed to the decline.

Net of aberrations, taxable sales for the San Joaquin Valley declined 3.5% over the comparable time period.



#### TOP 25 PRODUCERS

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



### 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.

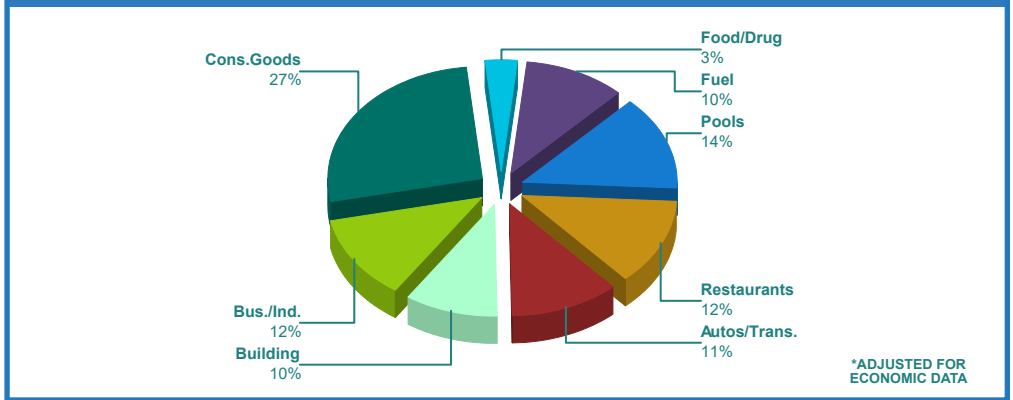
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets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



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Manteca Business Type	Q2 '23*	Change	County Change	HdL State Change
Service Stations	456.7	-21.1% ↓	-20.4% ↓	-19.9% ↓
Quick-Service Restaurants	275.6	0.9% ↑	5.5% ↑	3.2% ↑
Building Materials	264.7	-12.1% ↓	-12.0% ↓	-7.8% ↓
Casual Dining	191.7	6.5% ↑	1.3% ↑	4.5% ↑
Contractors	154.3	36.7% ↑	-13.0% ↓	-2.9% ↓
Heavy Industrial	149.7	-22.3% ↓	-19.1% ↓	-5.9% ↓
Family Apparel	134.4	2.4% ↑	4.6% ↑	-0.9% ↓
Sporting Goods/Bike Stores	113.0	0.5% ↑	-5.0% ↓	-9.1% ↓
Grocery Stores	91.4	5.7% ↑	2.2% ↑	2.9% ↑
Automotive Supply Stores	78.3	2.0% ↑	5.3% ↑	3.3% ↑

\*Allocation aberrations have been adjusted to reflect sales activity      \*In thousands of dollars