

# CITY OF BEAUMONT

## SALES TAX UPDATE

### 1Q 2023 (JANUARY - MARCH)



#### BEAUMONT

TOTAL: \$ 6,241,889

-7.9%

1Q2023



-1.5%

COUNTY



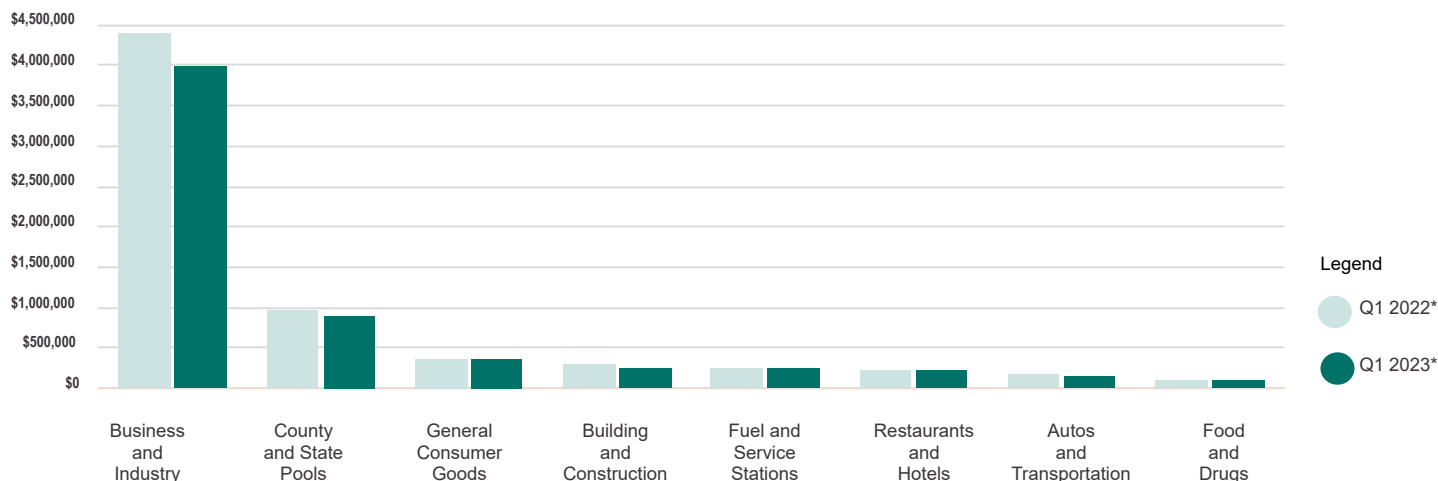
-1.1%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF BEAUMONT HIGHLIGHTS

Beaumont's receipts from January through March were 8.5% below the first sales period in 2022. Excluding reporting aberrations, actual sales were down 7.9%.

Over the past year, the nation and the state have experienced strong job numbers and low unemployment in the face of the Federal Reserve bumping the interest rates significantly. This quarter's sales tax performance reflects more cautious behavior by consumers and a slight overall statewide drop in sales tax, as it is still unknown if a recession will take place.

The City experienced the biggest drop coming from its largest sector, business & industry, including light industrial/printers.

The fuel and service stations group is now experiencing downward pressure

in all facets including a reduction in gas, diesel, jet fuel, and West Intermediate oil barrel prices. Additionally, consumption of fuel was lower in calendar year 2022 and the first quarter of 2023. We are projecting a significant reduction in the sales tax associated through the end of calendar year 2023, followed by a flattening out through FY 2024-2025. Returns from building materials, trailers/RVs, and the state and county pools were also down.

On the flip side, heavy industrial/printers, specialty stores, quick service, leisure/entertainment, fast casual restaurants and grocery stores increased. When combined they partially offset the overall decrease.

Net of aberrations, taxable sales for all of Riverside County declined 1.5% over the comparable time period; the Southern California region was down 0.9%.



#### TOP 25 PRODUCERS

- |                       |                     |
|-----------------------|---------------------|
| 1st Street Arco       | Ross                |
| 84 Lumber Co          | Shell               |
| Amazon Com Services   | Stater Bros         |
| Amazon MFA            | USA Gas             |
| Beaumont Gas Mart     | Walmart Supercenter |
| Beaumont RV           | Wolverine Worldwide |
| Best Buy              |                     |
| Big Tex Trailers      |                     |
| Carson Trailer        |                     |
| CJ Foods              |                     |
| Grove 76              |                     |
| Home Depot            |                     |
| Icon Health & Fitness |                     |
| In N Out Burger       |                     |
| Kohls                 |                     |
| Mayas Chevron         |                     |
| Oak Valley 76         |                     |
| Oak Valley Chevron    |                     |
| Raising Cane's        |                     |



## 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

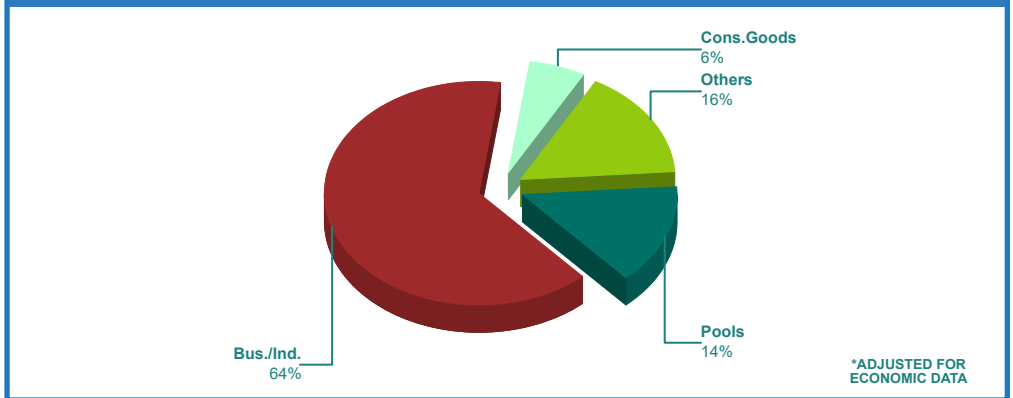
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number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



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Beaumont Business Type	Q1 '23*	Change	County Change	HdL State Change
Service Stations	233.0	-7.5% ↓	-11.5% ↓	-9.8% ↓
Building Materials	207.3	-15.5% ↓	-12.6% ↓	-9.8% ↓
Quick-Service Restaurants	145.3	2.3% ↑	5.0% ↑	5.1% ↑
Trailers/RVs	103.7	-19.0% ↓	-19.5% ↓	-27.1% ↓
Electronics/Appliance Stores	72.3	-2.6% ↓	-5.3% ↓	-2.4% ↓
Grocery Stores	69.6	7.6% ↑	5.7% ↑	5.4% ↑
Light Industrial/Printers	57.0	-33.6% ↓	1.0% ↑	0.6% ↑
Casual Dining	56.7	-0.1% ↓	8.0% ↑	9.7% ↑
Contractors	37.7	-7.7% ↓	-13.6% ↓	-12.7% ↓
Specialty Stores	35.6	35.4% ↑	3.9% ↑	3.7% ↑

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