

CITY OF SOUTH LAKE TAHOE

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



SOUTH LAKE TAHOE

TOTAL: \$ 1,726,189

8.5%
4Q2022



0.3%
COUNTY

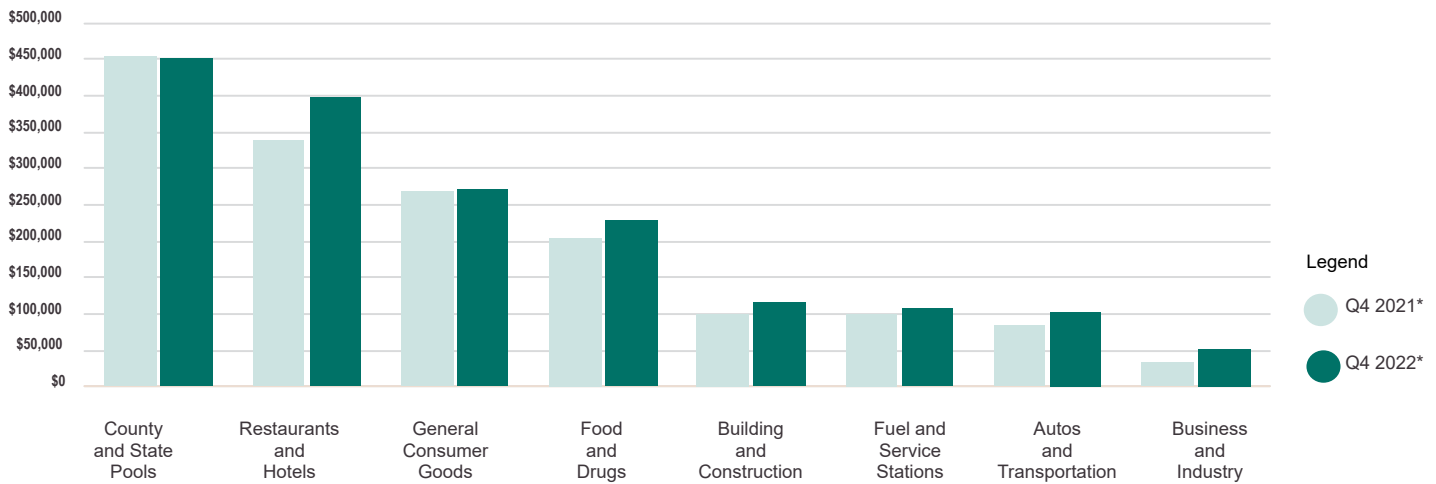


4.7%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure Q

TOTAL: \$913,194

5.8%

Measure S

TOTAL: \$1,834,605

6.4%



CITY OF SOUTH LAKE TAHOE HIGHLIGHTS

South Lake Tahoe's receipts from October through December were 6.3% above the fourth sales period in 2021. Excluding reporting adjustments, receipts for the period were up 8.5%.

While many areas of the state saw a decline in dollars spent on transportation, the City had a healthy increase. The severe weather likely caused the increase in spending on construction materials and supplies sold by outlets in the business-industry group.

The restaurant group reported solid gains for all dining formats as high menu prices failed to cut patronage. Meanwhile, increased fuel prices boosted receipts

for the fuel station group.

The only negative this quarter was the dip in the City's allocation from the use tax pool which received fewer funds from online sales and equipment purchased by local industry.

District tax measures S and Q also turned in solid numbers this quarter, even as the value of used cars purchased declined 33%.

Net of adjustments, taxable sales for all of El Dorado County grew 0.3% over the comparable time period while those of the Sacramento region were up 1.8%.



TOP 25 PRODUCERS

- | | |
|------------------------|------------------------|
| Aisle 1 | Riva Grill on the Lake |
| Alpine Smith | Ross |
| Azul Latin Kitchen | Safeway |
| Base Camp Pizza Co | Safeway Fuel |
| Blue Zone Sports | Sports Ltd |
| California Burger | Tahoe Wellness |
| Cannablue | TJ Maxx |
| CVS Pharmacy | Up Shirt Creek |
| Diy Home Center | Western Nevada Supply |
| Heavenly Sports | |
| Jim Bagan Toyota | |
| KB Chevron | |
| Les Schwab Tire Center | |
| McDonald's | |
| Meeks Building Center | |
| Raley's | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 4.7% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing it’s greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-

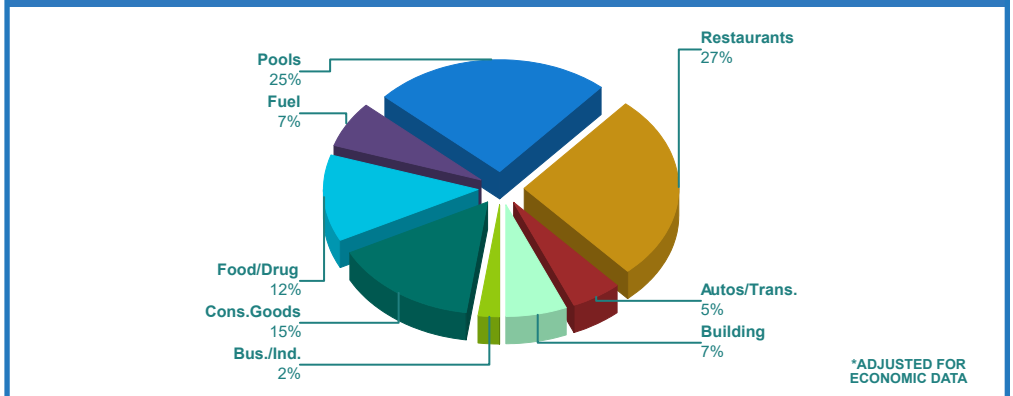
construction sector. With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency’s coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller’s payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California’s taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP South Lake Tahoe This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

South Lake Tahoe Business Type	Q4 '22*	Change	County Change	HdL State Change
Casual Dining	283.7	16.6% ↑	7.5% ↑	8.2% ↑
Grocery Stores	123.9	11.0% ↑	7.6% ↑	6.2% ↑
Service Stations	104.2	8.0% ↑	5.8% ↑	7.5% ↑
Sporting Goods/Bike Stores	100.9	11.3% ↑	13.1% ↑	-4.3% ↓
Family Apparel	76.8	-4.5% ↓	-1.7% ↓	-0.9% ↓
Quick-Service Restaurants	52.9	19.4% ↑	7.6% ↑	5.7% ↑
Building Materials	49.7	10.3% ↑	0.9% ↑	2.1% ↑
Cannabis Related	44.7	24.3% ↑	29.3% ↑	-6.4% ↓
Contractors	41.4	36.4% ↑	-4.7% ↓	11.7% ↑
Convenience Stores/Liquor	33.4	-1.9% ↓	0.3% ↑	0.9% ↑

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