

# CITY OF SOUTH LAKE TAHOE

## SALES TAX UPDATE

### 1Q 2023 (JANUARY - MARCH)



#### SOUTH LAKE TAHOE

TOTAL: \$ 1,547,547

-2.6%

1Q2023



-5.8%

COUNTY



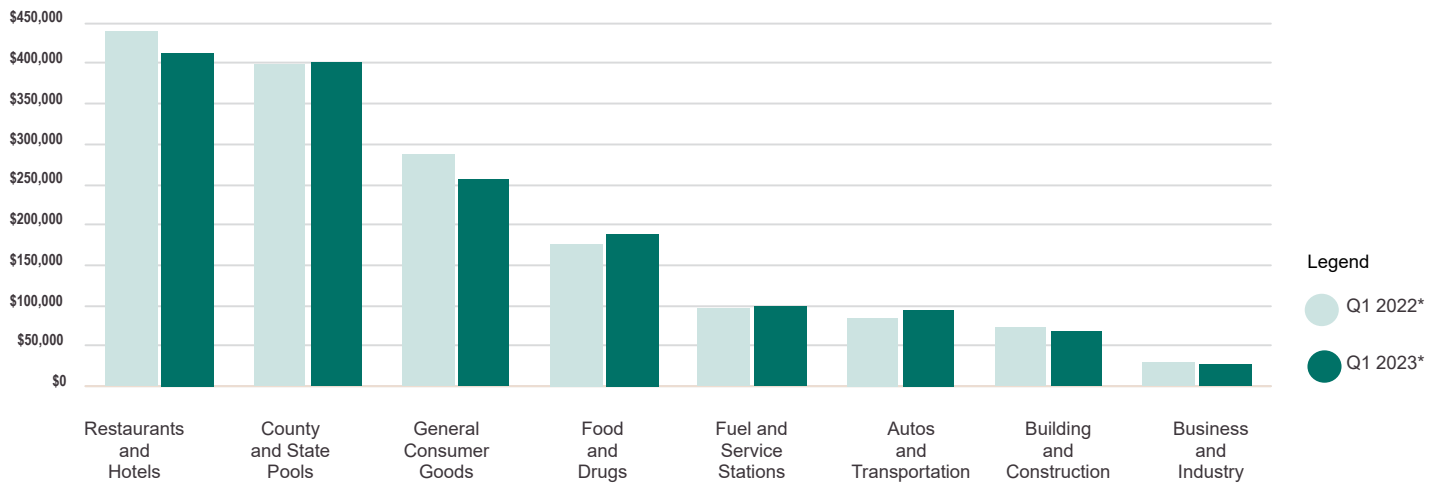
-1.1%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure Q

TOTAL: \$805,710

↓ -5.8%

#### Measure S

TOTAL: \$1,616,289

↓ -5.5%



#### CITY OF SOUTH LAKE TAHOE HIGHLIGHTS

South Lake Tahoe's receipts from January through March were 2.1% below the first sales period in 2022. Excluding reporting aberrations, actual sales were down 2.6%.

Sales weakened in multiple sectors due to pricing pressures on essentials such as food and energy as federal policy makers continued their actions to cool consumer demand. Factor in the record snow and severe weather during the quarter affecting access to the area with one local business that closed due to the storm damage.

Restaurant-hotel receipts diminished across casual dining and quick service outlets. Prices have remained high which may have influenced menu choices for patrons who dined out. Lower prices at

the pump, coupled with softer demand led to a drop in fuel-service station receipts.

After record pricing last year for lumber, prices plunged and with weather delays and fewer do-it-yourself projects, building-construction sales couldn't match recent double-digit gains.

Measures S & Q posted similar declines with fewer general consumer goods and building materials purchases, along with fewer patrons at local dining establishments.

Net of aberrations, taxable sales for the Sacramento region was down 3.6% over the comparable time period.



#### TOP 25 PRODUCERS

Aisle 1  
Azul Latin Kitchen  
Base Camp Pizza Co  
California Burger  
Cannablue  
CVS Pharmacy  
Diy Home Center  
Embarc Tahoe  
Fire Ice Grill & Bar  
Heavenly Sports  
Jim Bagan Toyota  
KB Chevron  
McDonald's  
McP's Pub Tahoe  
Powder House  
Raley's  
Riva Grill on the Lake

Ross  
Safeway  
Safeway Fuel  
Sports Ltd  
Stateline Brewery & Restaurant  
TJ Maxx  
Up Shirt Creek  
Whole Foods Market



**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.

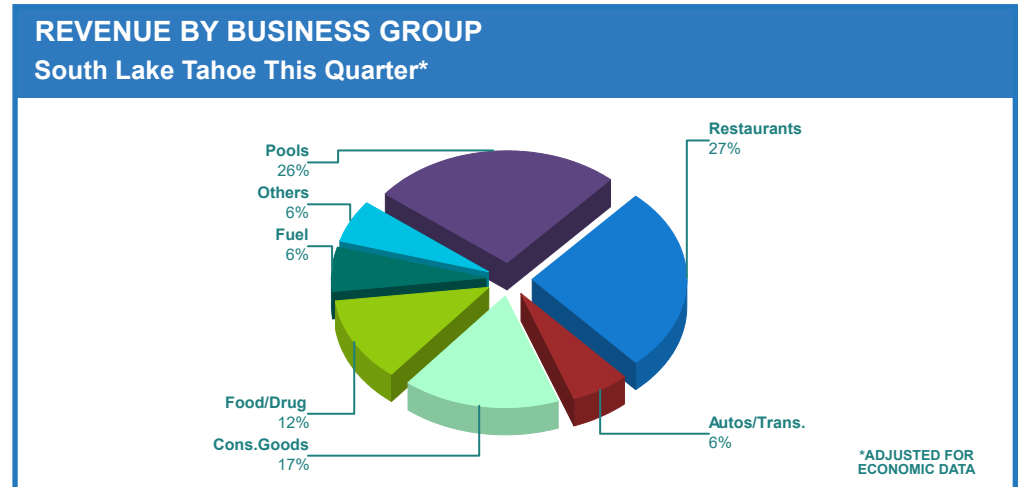
Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

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.



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

South Lake Tahoe Business Type	Q1 '23*	Change	County Change	HdL State Change
Casual Dining	307.7	-7.3% ↓	-3.5% ↓	9.7% ↑
Sporting Goods/Bike Stores	123.7	-8.9% ↓	3.7% ↑	-8.1% ↓
Service Stations	97.1	2.9% ↑	-5.5% ↓	-9.8% ↓
Grocery Stores	96.7	-1.0% ↓	4.4% ↑	5.4% ↑
Family Apparel	57.0	-17.8% ↓	-11.7% ↓	2.3% ↑
Quick-Service Restaurants	47.6	-0.5% ↓	1.2% ↑	5.1% ↑
Building Materials	37.0	10.6% ↑	-16.0% ↓	-9.7% ↓
Automotive Supply Stores	30.9	45.6% ↑	5.7% ↑	5.4% ↑
Convenience Stores/Liquor	29.6	-2.9% ↓	-8.0% ↓	-4.9% ↓
Specialty Stores	22.7	-8.1% ↓	-20.4% ↓	3.8% ↑

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