

HUMBOLDT COUNTY UNINC.

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



HUMBOLDT COUNTY

TOTAL: \$ 1,583,668

-14.4%

COUNTY UNINC.



-6.9%

COUNTY



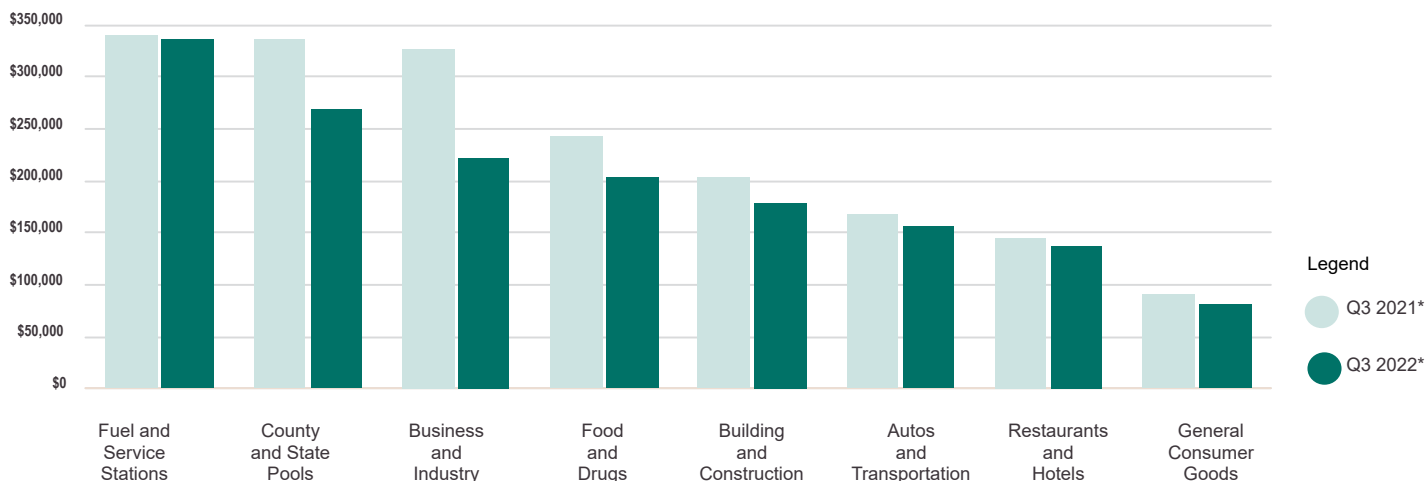
8.0%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure Z

TOTAL: \$3,503,908

↓ -6.2%



HUMBOLDT COUNTY UNINCORPORATED HIGHLIGHTS

The unincorporated area's receipts from July through September were 21.7% below the third sales period in 2021. Excluding reporting aberrations, actual sales were down 14.4%.

Consumers and businesses continued to deal with higher pricing for gas, food and the uncertainty of the economic outlook impacted spending choices.

The largest decline came from the business-industry sector with another quarter of weak sales from garden/agricultural suppliers that also included a business closure. Cannabis related sales plummeted and liquor store sales also dropped for reduced food and drug receipts.

While gas prices at the pump were increasing over this reporting period, sales volume dipped slightly after seeing multiple quarters of double-digit gains. The restaurant-hotel group suffered as patrons were not visiting local quick service or casual eateries as frequently as the prior year.

Measure Z, the local transaction tax also reported declining sales within general retail, garden/agricultural and residents purchased and registered fewer vehicles in the county.

Net of aberrations, taxable sales for all of Humboldt County dipped 6.9% over the comparable time period; the Far North region was up 0.9%.



TOP 25 PRODUCERS

- 76 Gas
- Ace Hardware
- Bayside Garden Supply
- Bear River Pump & Play
- BMW of Humboldt Bay
- Chevron
- Cooks Valley Patriot
- Dazey's Supply
- Dinsmore Store
- Enterprise Rent A Car
- Eureka Sand & Gravel Company
- Kernen Construction
- Les Schwab Tire Center
- Mercer Fraser Company
- Mickey's Used Cars
- Miller Farms Nursery
- Miranda Gardens Resort
- Murphys Sunnybrae Market
- Murrishs Hydesville Market
- Patriot Gas
- Redway Feed & Garden Supply
- Safeway
- Shell Oil
- Shop Smart
- Valley Pacific Petroleum Services



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical suppliers boosted the building-construction

sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

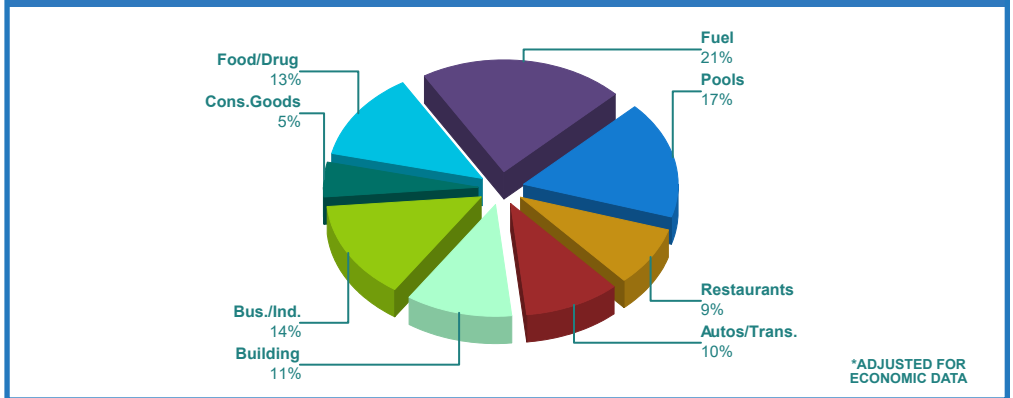
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods results. Otherwise, retailers experienced flat to decreased receipts as many apparel

categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

REVENUE BY BUSINESS GROUP
Humboldt Co. Uninc This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q3 '22*	Change	County Change	HdL State Change
Service Stations	213.2	-3.8% ↓	-3.5% ↓	18.5% ↑
Garden/Agricultural Supplies	150.8	-40.6% ↓	-26.7% ↓	-2.2% ↓
Grocery Stores	112.7	-5.8% ↓	-3.7% ↓	3.1% ↑
Contractors	93.7	-12.2% ↓	-10.6% ↓	15.5% ↑
Building Materials	77.8	-12.9% ↓	-1.9% ↓	2.7% ↑
Casual Dining	63.9	-3.0% ↓	-2.1% ↓	10.3% ↑
Convenience Stores/Liquor	43.0	-15.4% ↓	-9.8% ↓	2.0% ↑
Automotive Supply Stores	27.0	-10.7% ↓	-5.6% ↓	5.3% ↑
Quick-Service Restaurants	25.4	-13.3% ↓	-7.6% ↓	3.9% ↑
Drug Stores	22.9	-2.4% ↓	-7.4% ↓	-1.9% ↓

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