

# CITY OF EUREKA

## SALES TAX UPDATE

### 1Q 2022 (JANUARY - MARCH)



#### EUREKA

TOTAL: \$ 2,779,668

-1.4%

1Q2022



-4.0%

COUNTY



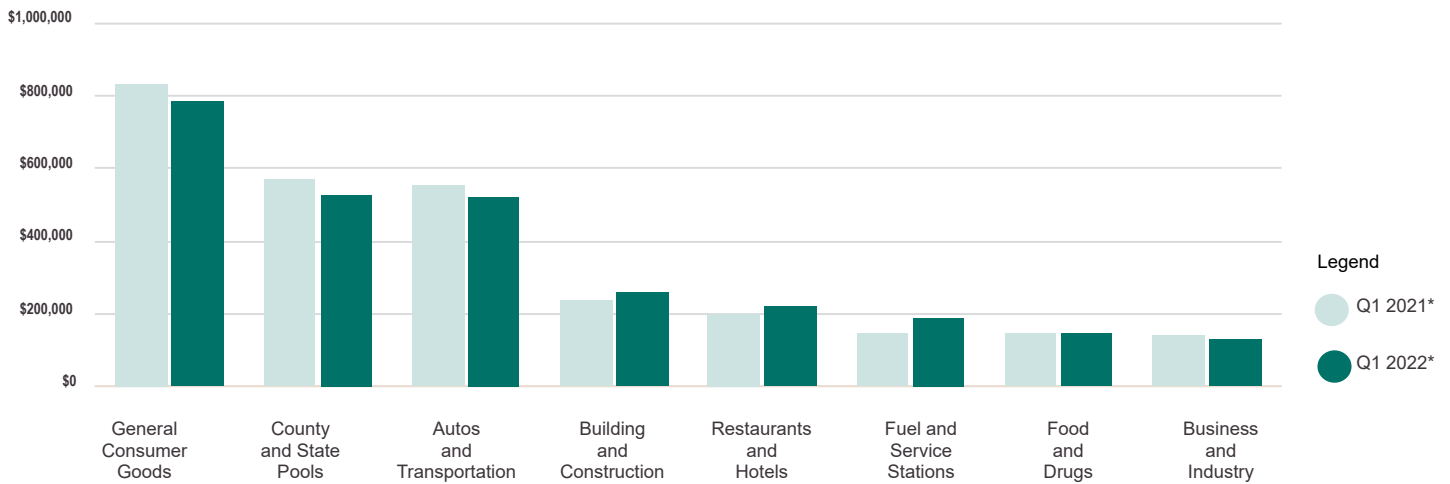
17.1%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure D

TOTAL: \$583,065

↓ -0.4%

#### Measure H

TOTAL: \$2,888,355



#### CITY OF EUREKA HIGHLIGHTS

Eureka's receipts from January through March were 1.4% above the first sales period in 2021. Excluding reporting aberrations, actual sales were down 1.4%.

During this post-holiday period, general consumer goods sales declined as consumers felt the pinch with higher food and fuel prices. As a result, family apparel, home furnishings, and sporting goods stores all reported lower receipts. The City's share in the countywide pool dipped compared to last year, driven by taxpayer reporting changes and weaker online sales.

New vehicle sales suffered within the autos-transportation group as reduced inventory continues to be an issue

along with the higher pricing to acquire a vehicle. Fuel sales strengthened as the Russia Ukraine crisis contributed to restricted supplies along with record crude oil prices. Increased traffic on the road along with the rising prices at the pump have contributed to these gains.

Local tax Measures D had similar results with sales declines in general merchandise and the numbers of vehicles purchased and registered in the City, while service stations and casual dining reported positive gains.

Net of aberrations, taxable sales for all of Humboldt County declined 4.0% over the comparable time period; the Far North region was up 3.4%.



#### TOP 25 PRODUCERS

- Broadway Gas & Deli 76
- Burton Saw & Supply
- Chevron Performance Fuels
- Costco
- Eureka Chevron
- Harper Ford Lincoln Kia
- Lithia Chrysler Dodge Jeep Ram Fiat Of Eureka
- McCrea Nissan/Subaru
- McDonalds
- Mid City Motorworld
- Toyota Honda
- Nick Barbieri Trucking
- Northwood Chevrolet
- Hyundai Pre Owned
- Pierson Building Supply
- Platt Electric Supply
- Rogers Machinery
- Ross
- Roys Auto Center
- Schmidbauer Building Supply
- Shafers Ace Hardware
- Target
- Tetrault Tire Pros
- TJ Maxx
- Valley Pacific Petroleum Services
- Walmart
- Winco

HdL Companies

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## STATEWIDE RESULTS

California's local one-cent sales and use tax for sales occurring January through March was 17% higher than the same quarter one year ago, after adjusting for accounting anomalies and onetime payments from previous quarters. By all accounts, the California retail economy continues roaring along. Even with instability in the stock market, the crisis in Ukraine pushing up the global price of crude oil and the U.S. Federal Reserve Board beginning to tackle inflation with a series of rate increases, consumer spending continued at a strong pace.

The invasion of Ukraine by Russian military forces on February 24 had an immediate upward impact on the global price of crude oil due to fears of supply shortages. Subsequently this has caused a dramatic jump to California consumer gas and diesel prices at a time when many in the workforce were commuting back into offices, also contributing to an overall increase in consumption. As expected, fuel and service station receipts increased 47% over last year and show no signs of pulling back with summer travel right around the corner.

Sales of new and used vehicles continue to be robust causing the autos and transportation sector to jump 15% for the period. Inventory shortages by some dealers may have caused buyers to experience a Fear Of Missing Out (FOMO) and pay elevated prices while interest rates remained lower. Automotive brands that have committed to full electric or hybrid models are attractive with consumers, especially given the sudden rise in fuel prices.

Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning

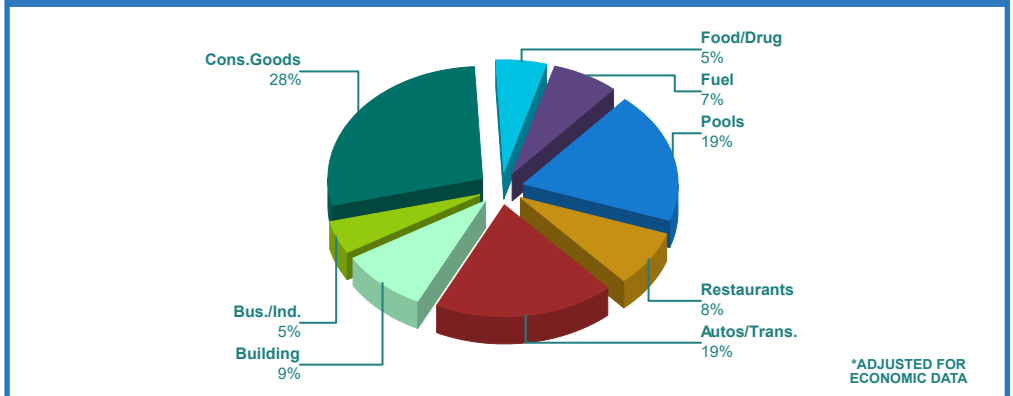
to normal and headwinds from inflation and higher cost goods haven't yet slowed consumer demand. The stellar returns were largely driven by discount department stores, especially those selling gas.

These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the summer tourism and travel season approaching, the industry is positioned to maintain post-pandemic growth and remain positive through 2022.

Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over the comparison period. Shoppers bought a range of merchandise and spending by businesses on capital equipment remained sensational.

The first quarter sales period contributed to an already strong 2021-22 fiscal year for most municipalities statewide. However, continued inflationary pressure, soaring interest rates and record gas prices may soften growth going into 2022-23.

### REVENUE BY BUSINESS GROUP Eureka This Quarter\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Eureka Business Type	Q1 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	332.2	-10.0% ↓	-6.7% ↓	18.7% ↑
Building Materials	171.4	0.5% ↑	-4.3% ↓	7.8% ↑
Service Stations	141.7	24.0% ↑	15.1% ↑	43.3% ↑
Casual Dining	110.1	32.3% ↑	32.3% ↑	55.8% ↑
Quick-Service Restaurants	94.2	-7.0% ↓	-6.1% ↓	7.8% ↑
Grocery Stores	72.0	-5.0% ↓	-2.6% ↓	3.3% ↑
Used Automotive Dealers	62.5	6.4% ↑	12.1% ↑	8.0% ↑
Home Furnishings	58.9	-3.8% ↓	-5.4% ↓	1.0% ↑
Family Apparel	57.2	-18.0% ↓	-18.4% ↓	9.4% ↑
Electronics/Appliance Stores	56.3	-1.3% ↓	-4.7% ↓	12.5% ↑

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