

# CITY OF CAPITOLA

## SALES TAX UPDATE

### 1Q 2022 (JANUARY - MARCH)



**CAPITOLA**

TOTAL: \$ 1,439,536

12.2%  
1Q2022



9.6%  
COUNTY

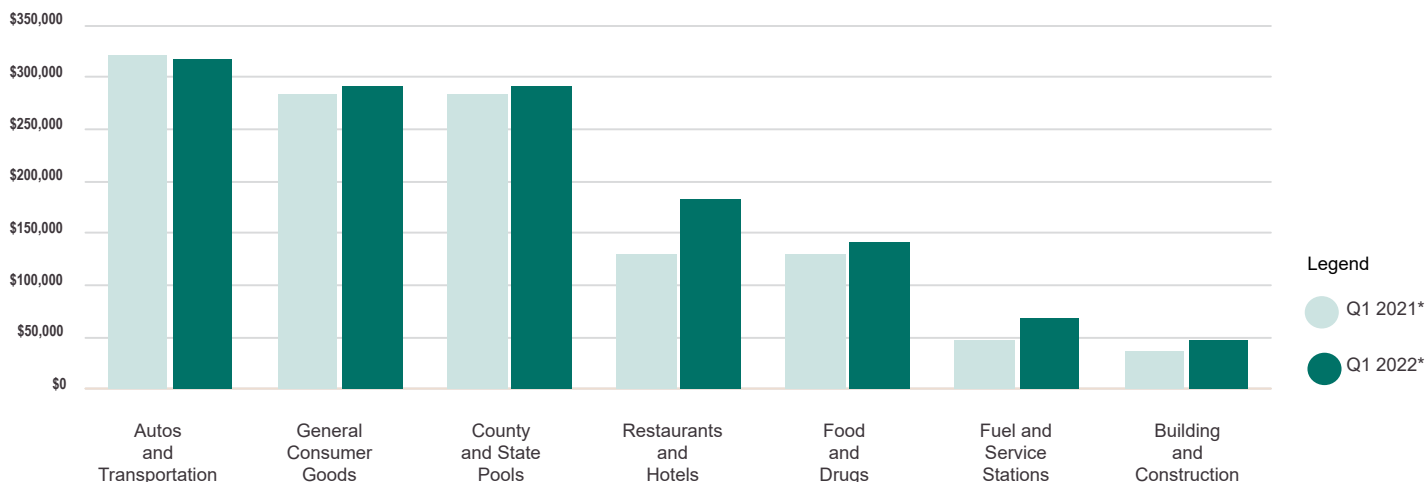


17.1%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### Measure F

TOTAL: \$241,520

9.5%

### Measure O

TOTAL: \$241,517

9.5%



### CITY OF CAPITOLA HIGHLIGHTS

Capitola's receipts from January through March were 15.3% above the first sales period in 2021. Excluding late payments and other reporting adjustments, receipts for the period were up an impressive 12.2%.

Results this period show that despite prices rising for everything, consumers are willing to pay to get what they want. For example, fuel demand has not lessened and restaurant activity continues to climb despite higher menu prices and slow service at sit down venues.

Receipts from construction activity are likely up simply because of inflation, as

materials still cost much more than they did before the pandemic, even as lumber prices have started to drop.

Measures O and F, the City's two 0.25% district taxes, reflect how high prices are still not keeping locals from purchasing new and used vehicles as sales of each increased by 8.4% and 12% respectively.

Net of adjustments, taxable sales for all of Santa Cruz County grew 9.6% over the comparable time period while those of the Central Coast region were up 15.1%.



### TOP 25 PRODUCERS

- Ajs Fuel Market Of Capitola
- Bed Bath & Beyond
- BevMo
- Capitola Coast
- Capitola Shell
- Chevron
- CVS Pharmacy
- Kohls
- Macy's
- Nob Hill General Store
- Outdoor Supply Hardware
- Pizza My Heart
- Ross
- Royal Wholesale Electric
- Santa Cruz Subaru
- Santa Cruz Toyota
- Shadowbrook
- Sierra Utility Sales
- Target
- Toyota Lease Trust
- Trader Joes
- Ultra Beauty
- Verutti Liquors
- Whole Foods Market
- Zelda's on the Beach



## 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

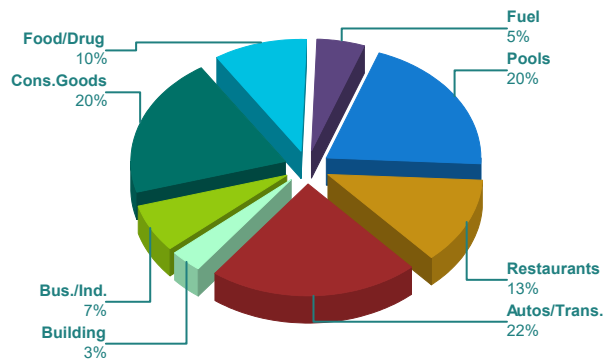
to normal and headwinds from inflation and higher cost goods haven't yet slowed consumer demand. The stellar returns were largely driven by discount department stores, especially those selling gas.

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 Capitola This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Capitola Business Type	Q1 '22*	Change	County Change	HdL State Change
Casual Dining	89.2	49.4% ↑	37.7% ↑	55.7% ↑
Service Stations	68.4	44.0% ↑	38.2% ↑	43.3% ↑
Grocery Stores	63.5	4.8% ↑	4.0% ↑	3.3% ↑
Quick-Service Restaurants	57.6	8.8% ↑	12.3% ↑	7.8% ↑
Specialty Stores	39.6	6.4% ↑	3.1% ↑	10.9% ↑
Family Apparel	31.1	-11.7% ↓	-1.2% ↓	9.4% ↑
Convenience Stores/Liquor	29.5	8.6% ↑	2.2% ↑	1.8% ↑
Drug Stores	28.0	0.2% ↑	5.0% ↑	9.0% ↑
Home Furnishings	25.9	-4.5% ↓	8.0% ↑	1.0% ↑
Sporting Goods/Bike Stores	20.6	-22.3% ↓	-1.3% ↓	-5.1% ↓

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\*In thousands of dollars