

# CITY OF CAPITOLA

## SALES TAX UPDATE

### 2Q 2022 (APRIL - JUNE)



#### CAPITOLA

TOTAL: \$ 1,582,774

7.7%  
2Q2022



4.5%  
COUNTY

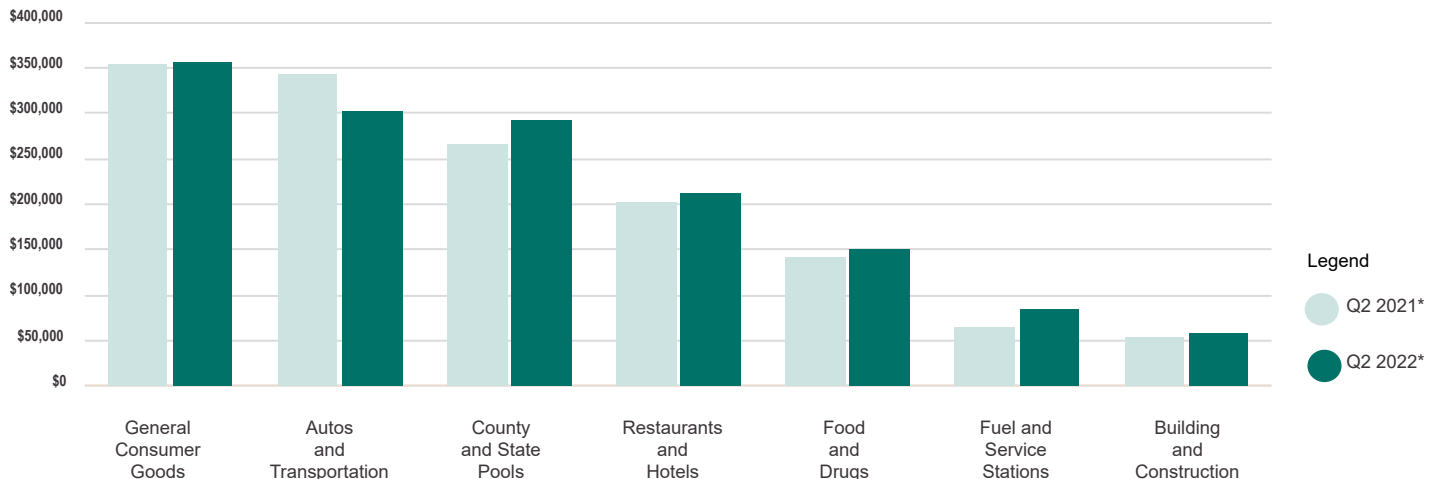


10.1%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure F

TOTAL: \$281,222

4.9%

#### Measure O

TOTAL: \$281,219

4.9%



#### CITY OF CAPITOLA HIGHLIGHTS

Capitola's receipts from April through June were about 8% above the second sales period in 2021. Overall place of sale collections jumped 7.3% compared to a year ago as tourism returned to the region.

The general consumer goods group posted stable growth – with specialty store and women's apparel sales supporting the overall result. An almost 10% increase in allocations from the countywide use tax pool further boosted receipts as the pools remain a critical source of local revenue – heavily supported by ecommerce and third-party vehicle sales. With an active tourism season, restaurants-hotels experienced a solid sales period. Similarly, with the cost

of crude oil keeping local gas prices high and more drivers on the road, revenue from service stations jumped 27%.

Building-construction revenues stepped up for the tenth consecutive quarter as the cost of materials and project activity continued. Conversely, autos-transportation experienced a 12.2% drop compared to the extreme high growth period a year ago.

All sales tax groups were elevated in Measures O and F, the City's two voter-approved 0.25% district taxes. Net of adjustments, taxable sales for the Central Coast region was up 7.8% over the comparable time period.



#### TOP 25 PRODUCERS

Ajs Fuel Market Of Capitola  
BevMo  
Capitola Coast  
Capitola Shell  
Chevron  
CVS Pharmacy  
Greentech Renewables  
Kohls  
Macy's  
Margaritaville  
Nob Hill General Store  
O Neill Surf Shop  
Outdoor Supply Hardware  
Pizza My Heart

Ross  
Santa Cruz Subaru  
Santa Cruz Toyota  
Shadowbrook  
Sierra Utility Sales  
Target  
Toyota Lease Trust  
Trader Joes  
Ulta Beauty  
Whole Foods Market  
Zelda's on the Beach



**STATEWIDE RESULTS**

Local one cent sales and use tax for sales occurring April through June was 10% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark the sixth consecutive quarter of double-digit growth since the pandemic periods in 2020, with the July-June 2022 fiscal year up 15%.

Commuters returning to offices combined with the Russia-Ukraine conflict continuing to put upward pressure on oil prices and left Californians facing the highest average price per gallon on record resulting in fuel and service station receipts 42% higher than last year. While statewide fuel consumption still trails 2019 levels, local gas prices are expected to remain high until after the summer blend period.

Led by consumer’s desire to dine out, a steady rise in tourism and business travel, higher menu prices and great weather, the restaurant sector continues to flourish. Theme parks, entertainment venues and hotels showed the strongest growth with casual dining establishments remaining solid, a trend likely to remain through 2022.

The automobile sector experienced modest gains for new car dealers and rental car vendors, however sales of used autos and leasing activity has begun to cool. Brands prioritizing full electric and hybrid models still appear to be the most attractive with consumers, however increased financing rates may cause even their activity to dampen. Tight inventories that contributed to dramatic price increases over the last 18 months are also showing signs of loosening as newer models are released

in greater numbers.

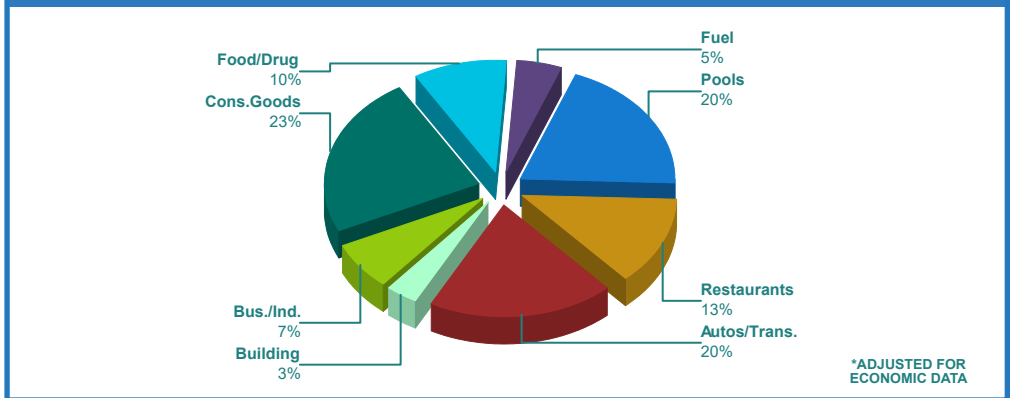
General consumer goods categories saw steady returns largely propped up by retailers also selling fuel. In comparison with the prior year when consumers were buying merchandise at a record pace, the current returns from apparel and jewelry stores grew moderately with home furnishings showing a slight decrease.

With new housing starts accelerating and residential and commercial property values rising, construction contractors remain busy. Lumber prices have softened from prior year highs leaving material suppliers with modest gains, however electrical, plumbing and energy suppliers

boosted building sector results. Increased investment in capital equipment remains an important area of growth for county pool allocations, especially as online spending for general consumer goods begins to flatten as consumers return to in-store shopping.

Overall, higher priced goods through periods of consistent demand have led to economic inflation. The Federal Reserve Board’s recent actions to curb inflation are anticipated to put downward pressure on sales of autos, building materials and financed general consumer goods, resulting in slower growth by year end and into 2023.

**REVENUE BY BUSINESS GROUP**  
Capitola This Fiscal Year\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Capitola Business Type	Q2 '22*	Change	County Change	HdL State Change
Casual Dining	107.4	3.9% ↑	6.8% ↑	17.2% ↑
Service Stations	83.3	27.2% ↑	35.9% ↑	36.4% ↑
Grocery Stores	68.7	7.4% ↑	5.3% ↑	5.3% ↑
Quick-Service Restaurants	63.3	3.4% ↑	6.1% ↑	5.2% ↑
Specialty Stores	47.4	6.5% ↑	4.4% ↑	4.2% ↑
Family Apparel	40.4	-2.8% ↓	-5.4% ↓	0.6% ↑
Drug Stores	31.8	5.2% ↑	5.6% ↑	4.7% ↑
Sporting Goods/Bike Stores	28.9	-16.3% ↓	-5.1% ↓	-7.4% ↓
Convenience Stores/Liquor	27.1	-14.4% ↓	-3.5% ↓	-0.3% ↓
Home Furnishings	24.8	-19.8% ↓	-10.8% ↓	-4.5% ↓

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