

# CITY OF CHICO

## SALES TAX UPDATE

### 3Q 2022 (JULY - SEPTEMBER)



**CHICO**

TOTAL: \$ 8,351,672

5.4%  
3Q2022



4.5%  
COUNTY



8.0%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF CHICO HIGHLIGHTS

Chico's receipts from July through September were 6.3% above the third sales period in 2021. Excluding reporting adjustments, receipts for the period were up 5.4%.

Most of this period's growth in receipts came from the jump in fuel prices while the City's allocation from the use tax pool grew, but may be overstated. The City commands an average of 70% of the pool's total and this period it appears at least one major taxpayer may have erred in reporting their allocation to the Butte pool. The gross overstatement is roughly \$80,000 of which the City shared about \$60,000. If the payment was made in error, the State will make a deduction to recapture the amount in the future.

Construction activity has remained consistently strong over the past three years. Despite the prior period having

included a jump in retail equipment and supply sales, the business-industry group reported even more sales gains, including several that are onetime.

General consumer good sales were widely mixed and mostly lower following last year's spending spree which was fueled by personal savings, along with federal and State stimulus payments. Restaurant activity was also down compared to the explosion in dining activity that took place last year. Rising menu prices are not yet having too large an effect on patrons.

Net of adjustments, taxable sales for all of Butte County grew 4.5% over the comparable time period while those of the Far North region were up 0.9%.



### TOP 25 PRODUCERS

- |                            |                         |
|----------------------------|-------------------------|
| Amain Com                  | Northgate Petroleum     |
| Best Buy                   | Payless Building Supply |
| Build.Com                  | Safeway                 |
| Chevron                    | Safeway Fuel            |
| Chico Nissan               | Target                  |
| Chuck Patterson            | Walmart Supercenter     |
| Toyota/Dodge               | Wittmeier Chevrolet     |
| Costco                     |                         |
| Courtesy Automotive Center |                         |
| Dal Tile Distribution      |                         |
| Ed Wittmeier Honda         |                         |
| Ferguson Enterprises       |                         |
| Flyers                     |                         |
| Greentech Renewables       |                         |
| Home Depot                 |                         |
| Hunt & Sons                |                         |
| Lowe's                     |                         |
| Lulus Fashion Lounge       |                         |
| MJB Welding Supply         |                         |



## 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.

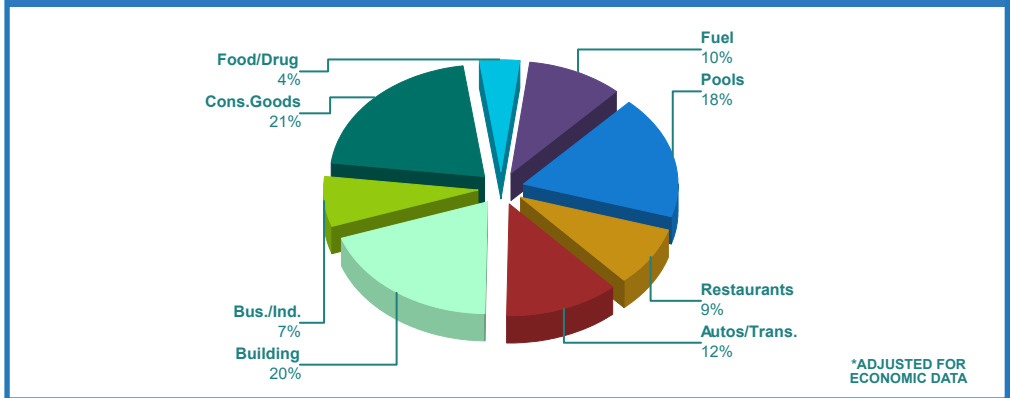
For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

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

Chico This Quarter\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Chico Business Type	Q3 '22*	Change	County Change	HdL State Change
Plumbing/Electrical Supplies	872.8	-0.4% ↓	1.5% ↑	12.9% ↑
New Motor Vehicle Dealers	662.5	2.8% ↑	2.1% ↑	9.9% ↑
Building Materials	623.3	7.7% ↑	2.3% ↑	2.7% ↑
Service Stations	567.0	43.9% ↑	32.4% ↑	18.6% ↑
Casual Dining	379.3	-3.0% ↓	-2.6% ↓	10.2% ↑
Petroleum Prod/Equipment	265.6	22.3% ↑	16.5% ↑	41.2% ↑
Quick-Service Restaurants	232.4	-2.2% ↓	-1.7% ↓	4.0% ↑
Grocery Stores	205.3	0.3% ↑	1.4% ↑	3.1% ↑
Sporting Goods/Bike Stores	144.9	-2.7% ↓	-2.3% ↓	-4.2% ↓
Electronics/Appliance Stores	142.8	-11.3% ↓	-11.8% ↓	3.6% ↑

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\*In thousands of dollars