

CITY OF BRAWLEY

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



BRAWLEY

TOTAL: \$ 914,856

4.9%

4Q2022



15.8%

COUNTY



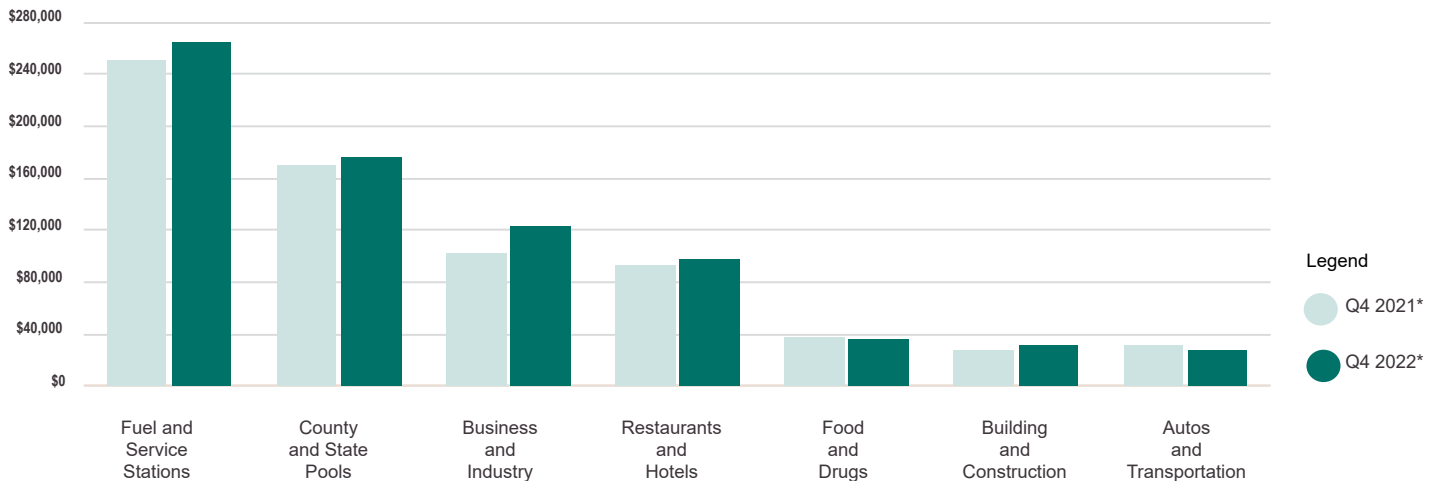
4.6%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRAWLEY HIGHLIGHTS

Brawley's gross receipts from October through December were 3.2% above the fourth sales period in 2021. After adjusting for reporting modifications, net revenues were actually 4.9% higher than a year ago – with mostly positive results across the sales tax groups.

The City's largest tax segment, fuel-service stations, performed well during the quarter as the price of crude oil remained relatively high and more travelers were on the roads. The Imperial countywide use tax pool was elevated by garden/agricultural equipment sales, resulting in a 3.3% increase to the City's quarterly allocation.

Business-industry receipts jumped 21%, supported by sales of warehouse/farm/construction equipment. As in previous quarters, residents enjoyed the experience plus convenience of

dining out at casual and quick-service establishments. Project activity and the higher price of goods boosted building-construction revenues significantly.

Conversely, even though grocery receipts grew, comparison to a onetime allocation a year ago skewed the food-drugs results down. Similarly, autos-transportation revenues were distorted because of high, onetime payments last year.

Net of adjustments, taxable sales for all of Imperial County grew 15.8% over the comparable time period; the Southern California region was up 5.0%.



TOP 25 PRODUCERS

- 7 Eleven
- Arco AM PM
- AutoZone
- Brawley Ace Hardware
- Brawley Fuel & Food
- Carl's Jr
- Circle K Shell
- Dollar Tree
- Elms Equipment Rental
- HD Supply Waterworks
- Jack in the Box
- Johnnys Burritos
- Jordan Implement
- Las Chabelas Restaurant
- Lidco Imperial Valley
- Little Caesars
- McDonald's
- McNeece Bros Oil
- O'Reilly Auto Parts
- Pacific Ag Rentals
- Pilot Travel Center
- Prime Fuel & Mini Mart
- Rite Aid
- Vons
- Walmart Supercenter



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 4.7% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing it’s greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-construction sector.

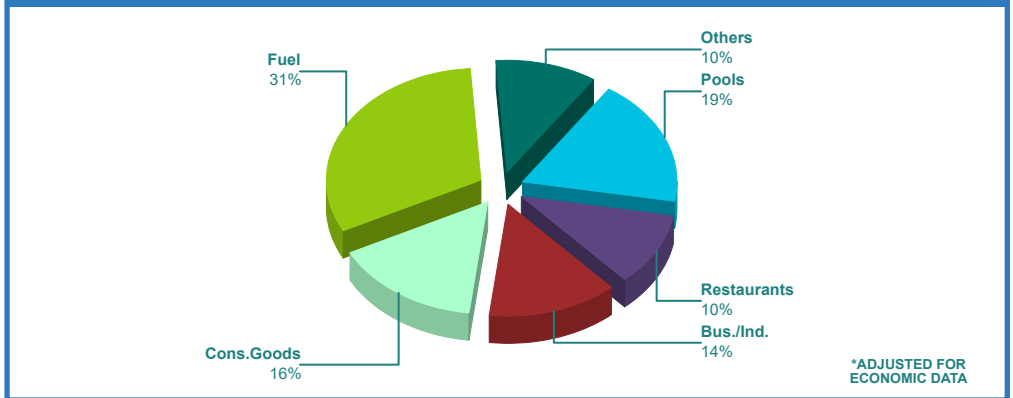
With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency’s coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller’s payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California’s taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP Brawley This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brawley Business Type	Q4 '22	Change	County Change	HdL State Change
Service Stations	163,103	4.8% ↑	3.5% ↑	7.5% ↑
Quick-Service Restaurants	74,114	-0.1% ↓	5.5% ↑	5.7% ↑
Warehse/Farm/Const. Equip.	65,755	29.2% ↑	17.4% ↑	4.1% ↑
Casual Dining	20,830	38.0% ↑	7.3% ↑	8.1% ↑
Automotive Supply Stores	20,550	-19.3% ↓	6.0% ↑	2.6% ↑
Electronics/Appliance Stores	7,010	45.9% ↑	8.2% ↑	10.8% ↑
Auto Repair Shops	6,124	-9.5% ↓	-0.5% ↓	6.4% ↑
Convenience Stores/Liquor	6,037	-28.9% ↓	-5.7% ↓	0.9% ↑
Heavy Industrial	4,995	-18.8% ↓	-15.9% ↓	7.3% ↑
Business Services	3,550	114.8% ↑	18.5% ↑	7.6% ↑

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