

CITY OF LAGUNA NIGUEL

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



LAGUNA NIGUEL

TOTAL: \$ 3,436,276

1.3%



-0.1%

COUNTY



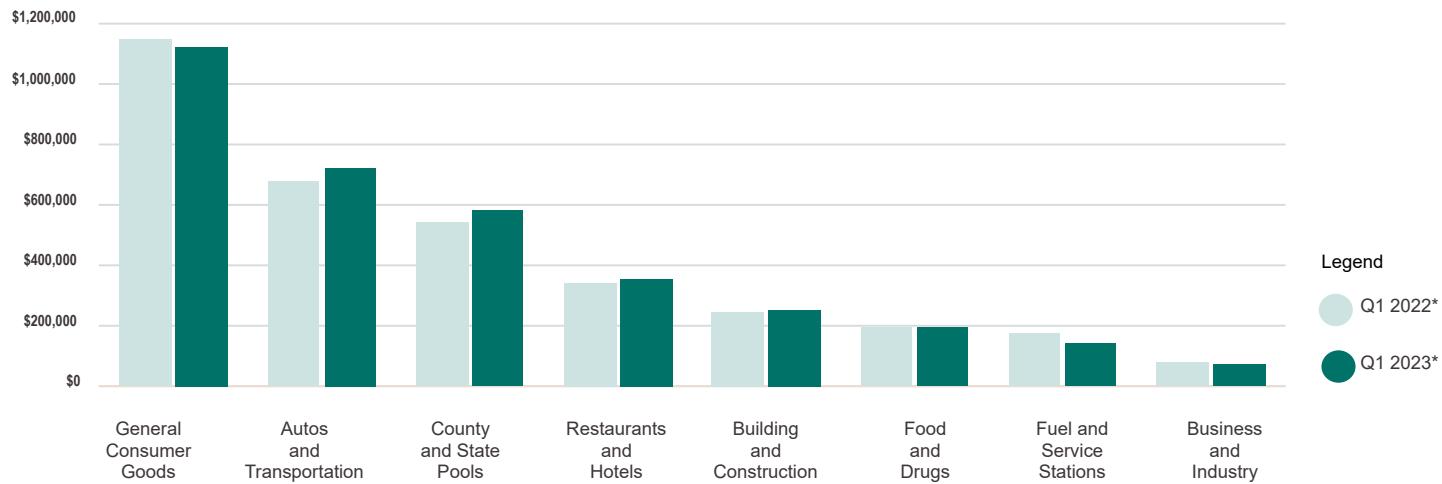
-1.1%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Legend

- Q1 2022*
- Q1 2023*



CITY OF LAGUNA NIGUEL HIGHLIGHTS

Laguna Niguel's receipts from January through March were 6.7% above the first sales period in 2022. Excluding reporting aberrations, actual sales were up 1.3%.

Over the past year, the nation and the state have experienced strong job numbers and low unemployment in the face of the Federal Reserve bumping the interest rates. This quarter's sales tax performance reflects more cautious behavior by consumers and a slight overall statewide drop in sales tax, as it is still unknown if a recession will take place.

The City had a decent quarter, led by its second largest sector autos and transportation.

The restaurants and hotels group was also solid with positive results from casual dining restaurants. While high

menu prices and the associated sales tax continue to persist, the pace of growth has slowed in recent months. Dining out is still included in consumer spending plans; however, customers are beginning to look for deals and opt for take-out instead of sit down establishments. Receipts from grocery and specialty stores, family apparel, electronics/appliance stores, plus the state and county pools were also up.

Returns from service stations, auto lease, building materials, contractors, home furnishings, and the business-industry group declined which combined to partially offset the overall gain.

Net of aberrations, taxable sales for all of Orange County were flat over the comparable time period; the Southern California region was down 0.9%.

Albertsons

Avery Energy

Chevron

Circle K

Costco

Daimler Trust

GMC & Cadillac of Laguna Niguel

Hobby Lobby

Home Depot

Hyundai & Genesis Of Laguna Niguel

In N Out Burger

Kohls

Laguna Niguel Shell

Marshalls

McDonald's

Mercedes Benz of Laguna Niguel

Mercedes Benz Vehicle Trust

Nordstrom Rack

Pavilions

Ralphs

Sepulveda Building Materials

South Coast Shingle

Verizon Wireless

Walmart

Whole Foods Market



TOP 25 PRODUCERS



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC's recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods' returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

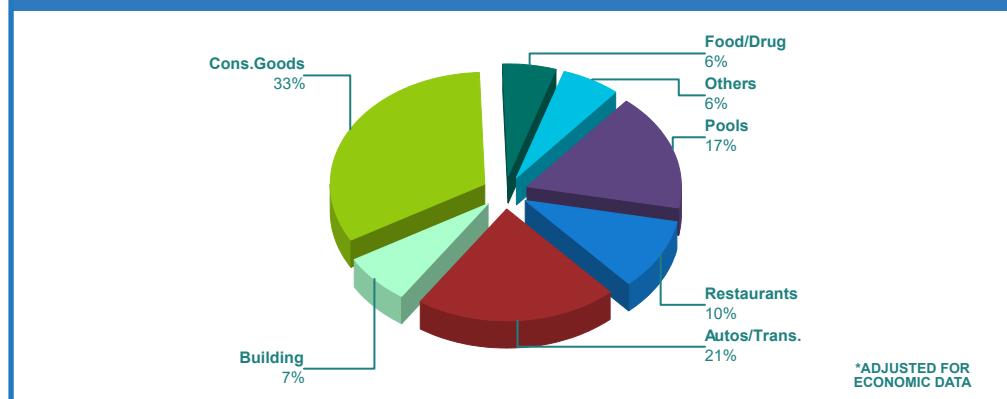
Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve's actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

REVENUE BY BUSINESS GROUP

Laguna Niguel This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Laguna Niguel Business Type	Q1 '23*	Change	County Change	HdL State Change
Building Materials	206.9	-1.6% ↓	-10.3% ↓	-9.8% ↓
Casual Dining	148.2	9.3% ↑	8.9% ↑	9.7% ↑
Service Stations	140.6	-18.8% ↓	-14.1% ↓	-9.8% ↓
Grocery Stores	135.5	6.0% ↑	6.2% ↑	5.4% ↑
Quick-Service Restaurants	115.7	4.7% ↑	4.5% ↑	5.1% ↑
Auto Lease	92.9	-11.7% ↓	-7.5% ↓	-7.0% ↓
Specialty Stores	82.2	9.9% ↑	4.6% ↑	3.7% ↑
Fast-Casual Restaurants	74.2	-4.4% ↓	1.2% ↑	6.4% ↑
Family Apparel	42.0	21.3% ↑	1.7% ↑	2.3% ↑
Drug Stores	39.3	-1.3% ↓	-0.9% ↓	-2.0% ↓

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*In thousands of dollars