

MENDOCINO COUNTY UNINC.

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



MENDOCINO COUNTY

TOTAL: \$ 2,243,373

-1.1%
COUNTY UNINC.



-4.1%
COUNTY

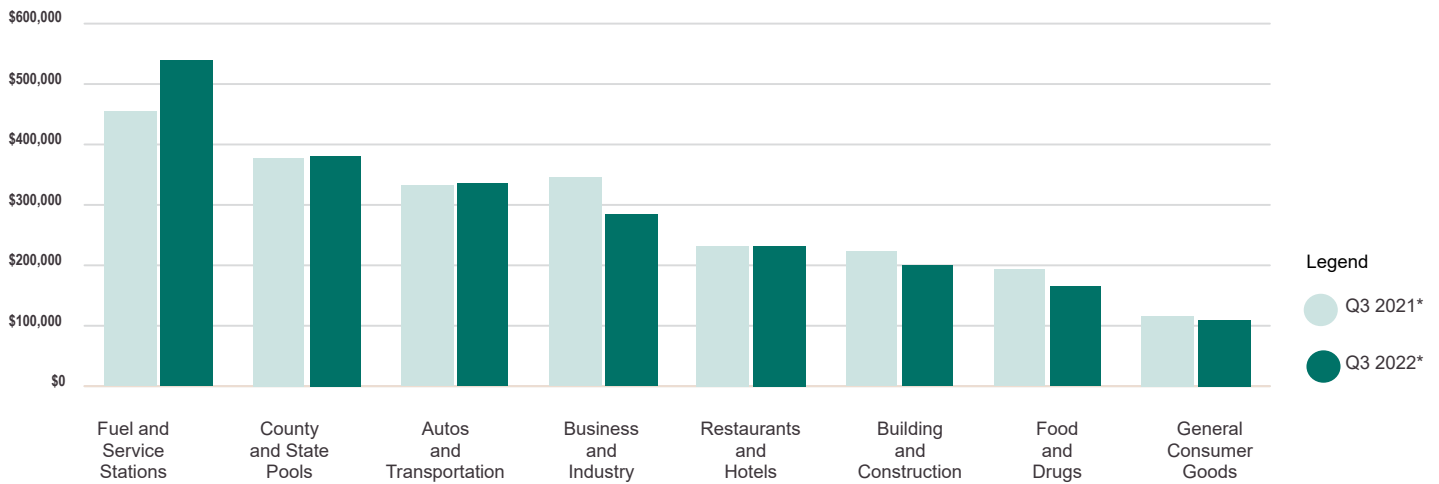


8.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



MENDOCINO COUNTY UNINCORPORATED HIGHLIGHTS

The unincorporated area's receipts from July through September were 6.3% below the third sales period in 2021. Excluding reporting aberrations, actual sales were down 1.1%. Spending slowed as consumers worried about an uncertain economy and inflation realities.

The County's largest sector, fuel and services stations, posted double-digit gains, albeit not to the level seen in recent quarters. Prices at the pump shot up in record fashion during the summer travel season bolstering receipts. Mixed results in the automotive group for a modest gain.

The restaurant-hotel group had nominal gains led by improved hotel occupancy. Both quick service restaurants and casual eateries experienced declines as patrons may be "trading down" for more reasonably priced menu items or

changing the frequency with which they dine out.

Slumping sales within garden/ag dragged down the business-industry sector didn't see the same level of sales as last year with stimulus dollars available. Ag operators are making tough decisions as higher input costs affect operations. Fewer sales took place at wineries with changing consumer tastes, dealing with climate impacts and an industry shift to ecommerce.

Net of aberrations, taxable sales for all of Mendocino County declined 4.1% over the comparable time period; the Far North region was up 0.9%.



TOP 25 PRODUCERS

- 101 Market & Deli
- 76 Gas Station
- Acme Rigging Co
- Bray Trucking
- California Shingle & Shake Co
- Granite Construction
- Graviers Chevron
- Gualala Chevron
- Harvest At Mendosa
- Mendo Mill & Lumber Company
- Motosports of Ukiah
- Navarro Vineyards
- Nor Cal Gasoline
- Norcal Recycled Rock & Aggregate
- Pace Supply
- Peterson Tractor Co
- Raley's
- Red Coast Fuels
- Chevron
- Redwood Empire RV's
- Redwood Market
- Shell
- Thurston Auto Plaza
- Chevrolet Toyota
- Thurston Chrysler
- Dodge Jeep Ram
- Thurston Honda
- USA Gas



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.

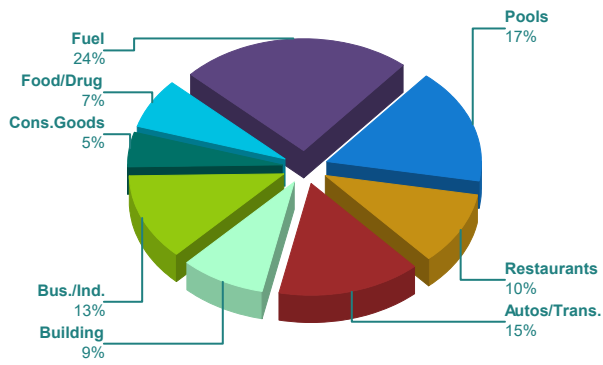
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

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
Mendocino Co. Uninc This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q3 '22*	Change	County Change	HdL State Change
Service Stations	274.4	0.8% ↑	7.3% ↑	18.5% ↑
Grocery Stores	115.0	-10.3% ↓	-7.1% ↓	3.1% ↑
Casual Dining	88.8	-4.4% ↓	-4.3% ↓	10.3% ↑
Contractors	81.2	-14.6% ↓	-7.3% ↓	15.5% ↑
Garden/Agricultural Supplies	66.0	-46.5% ↓	-42.1% ↓	-2.2% ↓
Hotels/Motels	63.7	8.5% ↑	6.3% ↑	43.8% ↑
Building Materials	61.2	-7.7% ↓	-7.7% ↓	2.7% ↑
Wineries	51.7	-13.5% ↓	-13.6% ↓	-5.2% ↓
Quick-Service Restaurants	40.8	-3.7% ↓	-4.8% ↓	3.9% ↑
Light Industrial/Printers	37.3	-19.1% ↓	-14.1% ↓	10.1% ↑

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*In thousands of dollars