

MENDOCINO COUNTY UNINC.

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



MENDOCINO COUNTY

TOTAL: \$ 1,808,669

-5.8%
COUNTY UNINC.



-6.0%
COUNTY

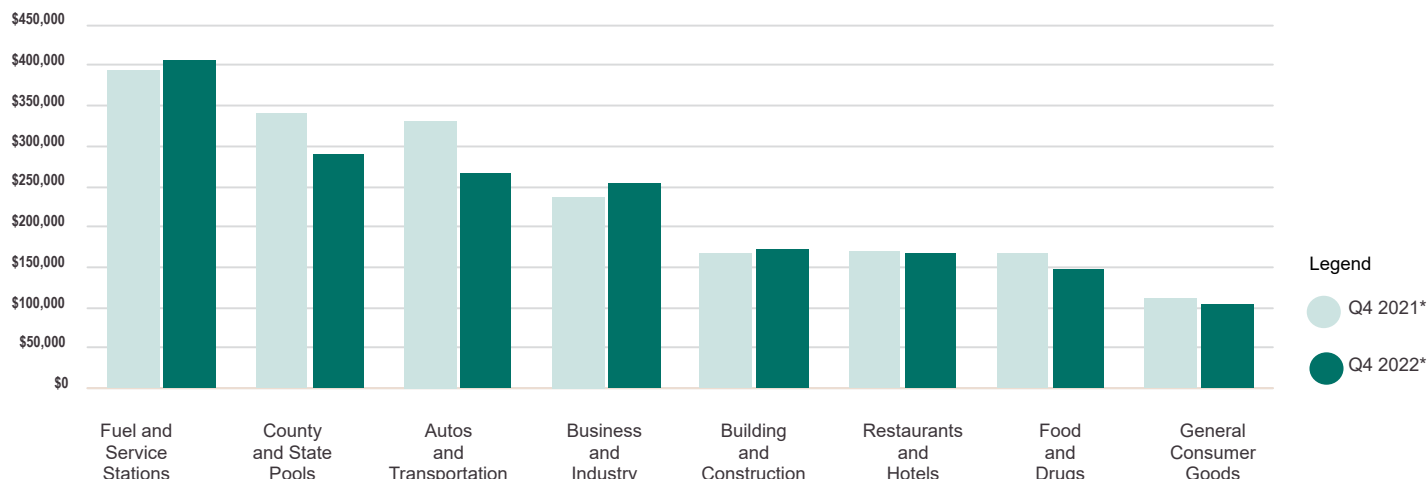


4.7%
STATE



*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 October through December were 13.7% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were down 5.8%.

As people slowly return back to their workplace and travel, services stations and petroleum production facilities continue to see positive revenues while fuel prices remain moderately high. The business-industry category saw strong growth which was driven by warehouse/farm construction equipment and heavy industrial vendors.

Building-construction experienced optimistic activity as contractors, building materials and plumbing/electrical supplies saw increased demand.

Autos-transportation group saw shrinking returns from new vehicle dealers and

automotive supply stores. Furthermore, state-county pools, the County's second largest revenue classification, saw bleak collections posting -14.5% returns which were impacted by new car sales and grocery stores.

Interest in eating out saw mixed results for the restaurant-hotels group as fast casual establishments saw strong gains however, casual and quick-service restaurants were down. In addition, general consumer goods saw diminishing revenues from specialty stores. The food-drug sector had negative collections from grocery, cannabis, and convenience stores as inflation prices begin to be in the minds of consumers.

Net of aberrations, taxable sales for all of Mendocino County declined 6.0% over the comparable time period; the Far North region was down 3.6%.



TOP 25 PRODUCERS

101 Market & Deli
76 Gas Station
Acme Rigging Co
California Shingle & Shake Co
Granite Construction
Graviers Chevron
Gualala Chevron
Harvest At Mendosa
In N Out Burger
Jet Equipment Corporation
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 Market
Shell
Thurston Auto Plaza
Chevrolet Toyota
Thurston Chrysler
Dodge Jeep Ram
Thurston Honda
USA Gas



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.

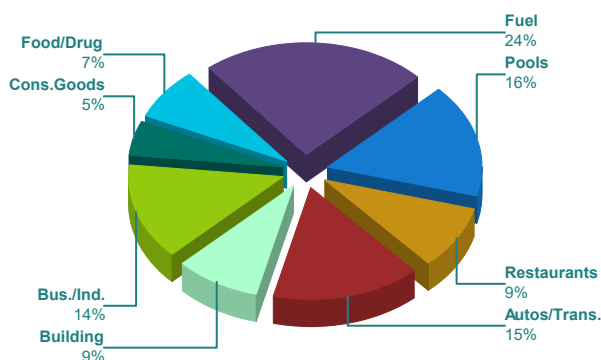
Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting 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

Mendocino Co. Uninc This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q4 '22*	Change	County Change	HdL State Change
Service Stations	229.7	4.2% ↑	1.4% ↑	7.6% ↑
Grocery Stores	101.9	-8.1% ↓	-3.2% ↓	6.2% ↑
Contractors	75.1	6.2% ↑	9.1% ↑	11.8% ↑
Wineries	70.3	-4.3% ↓	-3.9% ↓	-3.2% ↓
Casual Dining	68.7	-0.2% ↓	-4.4% ↓	8.1% ↑
Building Materials	55.0	1.7% ↑	-0.1% ↓	2.1% ↑
Hotels/Motels	45.6	-5.8% ↓	-8.7% ↓	30.0% ↑
Plumbing/Electrical Supplies	39.9	9.3% ↑	7.1% ↑	7.2% ↑
Garden/Agricultural Supplies	35.8	-26.0% ↓	-11.0% ↓	-5.4% ↓
Auto Repair Shops	33.1	-5.3% ↓	-2.8% ↓	6.3% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars