

CITY OF WILLOWS

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



WILLOWS

TOTAL: \$ 372,357

5.5%
3Q2022



11.9%
COUNTY

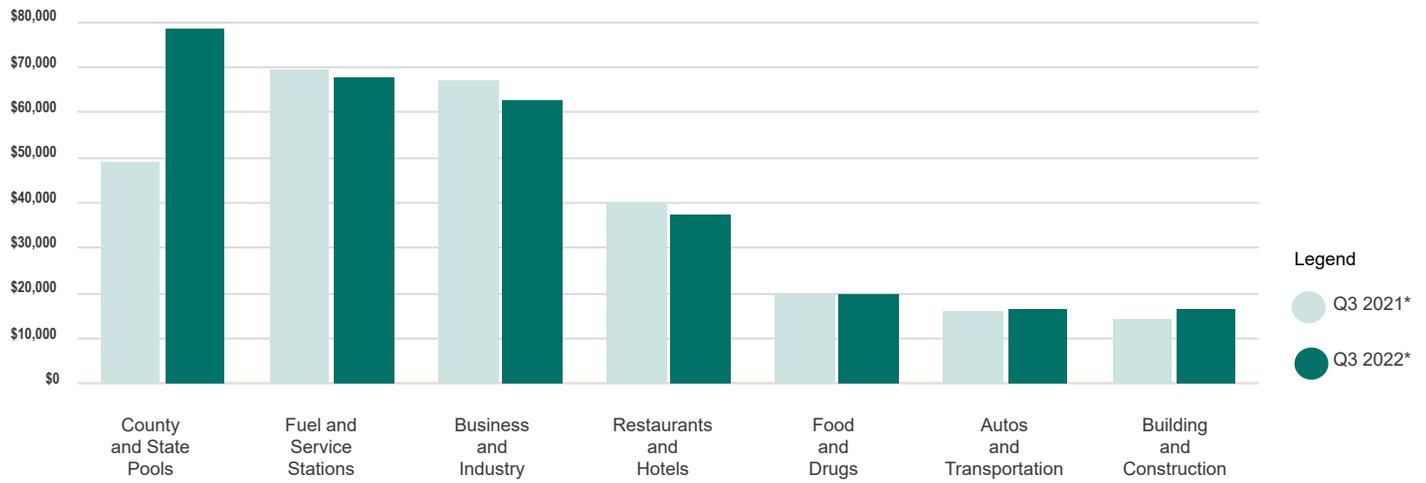


8.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF WILLOWS HIGHLIGHTS

Willows' receipts from July through September were 33.5% above the third sales period in 2021. Excluding reporting aberrations, actual sales were up 5.5%.

Consumers and businesses continued to deal with higher pricing for gas, housing and food as the Federal Reserve continued to curb consumer spending by raising interest rates. The countywide pool reported strong sales with investments in the business-industrial group and higher general merchandise purchases. The pool is being reviewed to determine if a taxpayer's contribution may be overstated. If an error is confirmed in the future, a deduction will be made by the State.

While gas prices at the pump increased during this reporting period, volume dipped for lower service stations sales. Crude oil and pump prices have been

declining recently and less demand is anticipated in calendar year 2023. 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.

The business-industry group reported declining receipts in line with regional trends, while the building sector saw some improvement in sales.

Net of aberrations, taxable sales for all of Glenn County grew 11.9% over the comparable time period; the Far North region was up 0.9%.



TOP 25 PRODUCERS

- AlSCO Geyer Ace Hardware
- Black Bear Diner
- Buds AM PM
- Burger King
- Casa Ramos
- Chevron
- Circle K
- Diamond Gas & Mart 6
- Freeway Bottle Shop
- I T F Supply
- KFC
- Mar Val Food Store
- McDonalds
- Napa Auto Parts
- O'Reilly Auto Parts
- Pape Machinery
- Round Table Pizza
- Safety Tire Service
- Taco Bell

- Tractor Supply
- Walmart Supercenter
- Wilbur Ellis
- Willows Hardware
- Willows Market
- Willows Travel Plaza



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.

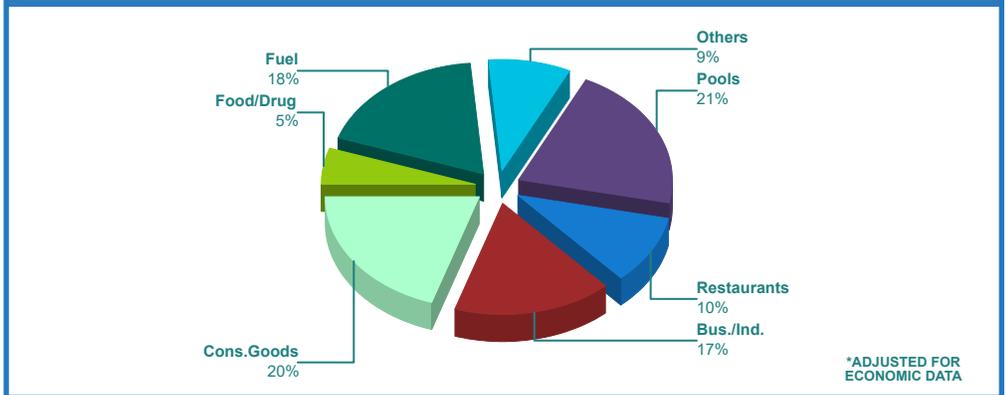
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

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 Willows This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Willows Business Type	Q3 '22	Change	County Change	HdL State Change
Service Stations	67,773	-2.2% ↓	19.3% ↑	18.4% ↑
Quick-Service Restaurants	22,188	-5.8% ↓	-4.6% ↓	4.0% ↑
Convenience Stores/Liquor	15,284	1.8% ↑	1.8% ↑	1.8% ↑
Casual Dining	14,929	-8.3% ↓	-8.2% ↓	10.1% ↑
Auto Repair Shops	4,730	20.7% ↑	22.9% ↑	10.7% ↑
Light Industrial/Printers	93	-83.0% ↓	-59.2% ↓	10.2% ↑

*Allocation aberrations have been adjusted to reflect sales activity