

CITY OF CORONA

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



CORONA

TOTAL: \$ 15,696,748

0.6%
2Q2024



-0.5%
COUNTY

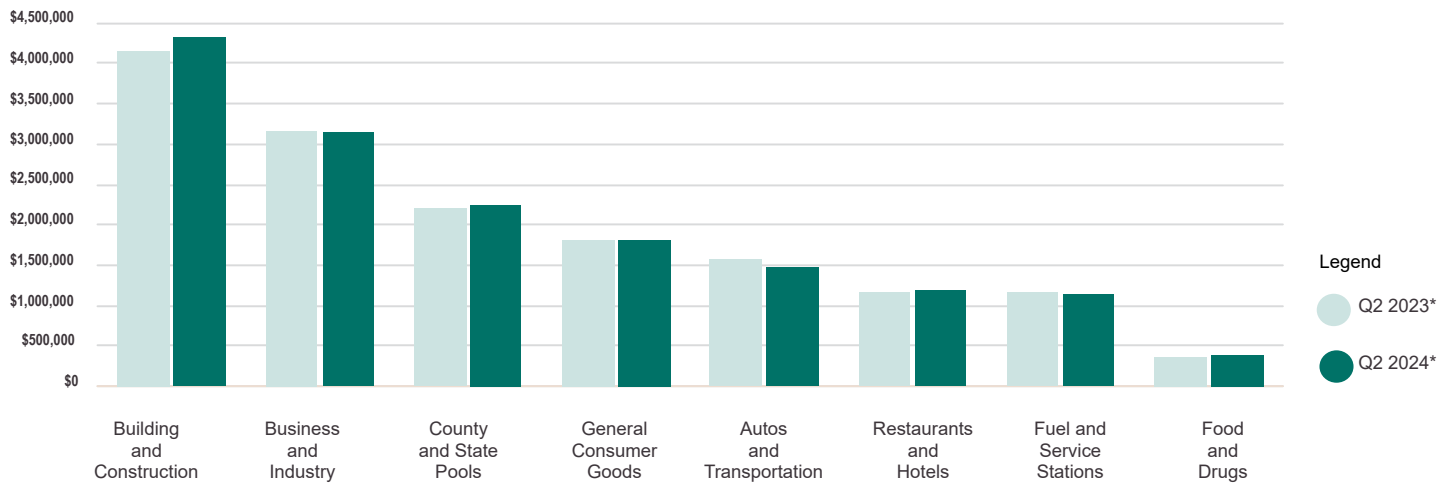


-0.6%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure X

TOTAL: \$10,847,886

↓ -0.6%



CITY OF CORONA HIGHLIGHTS

Corona's receipts from April through June were 2.7% lower than the same sales period in 2023, though this was skewed by a large infusion of additional funds from a state audit correction in the comparison year. Excluding such anomalies, actual sales increased by 0.6%.

Local contractors continued to see strong returns, further boosted by the recent opening of a new supplier in Corona.

The shift toward online shopping also benefited local fulfillment center revenue.

On the downside, a taxpayer reporting change contributed to a drop in

business-industrial returns, and a recent business closure added to the negative impacts. Additionally, new car sales faced challenges due to tight credit conditions and elevated prices across the industry.

As a destination-based tax, Measure X did not benefit from the increases in contractor and fulfillment sales, as most of these are sold to customers in other areas.

Adjusting for anomalies, taxable sales for all of Riverside County decreased by 0.5% during this period, while the Southern California region also saw a 0.5% decline.



TOP 25 PRODUCERS

- | | |
|--------------------------|------------------------------|
| Agile Sourcing Partners | Home Depot |
| All American Asphalt | Larry H Miller Toyota Corona |
| Amazon Com Services | Robertsons Ready Mix |
| Amazon MFA | Ro Bus Sales |
| American Electric Supply | Sams Club w/ Fuel |
| Anixter | Spreen Honda Corona |
| CardinaleWay Hyundai | Supply Patriot |
| Circle K | Target |
| Corona Nissan | Vulcan Materials |
| Costco | Walmart Supercenter |
| Culver Newlin | West Coast Copper Supply |
| Downs Energy | |
| Ganahl Lumber Company | |
| Guest Supply | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it’s only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

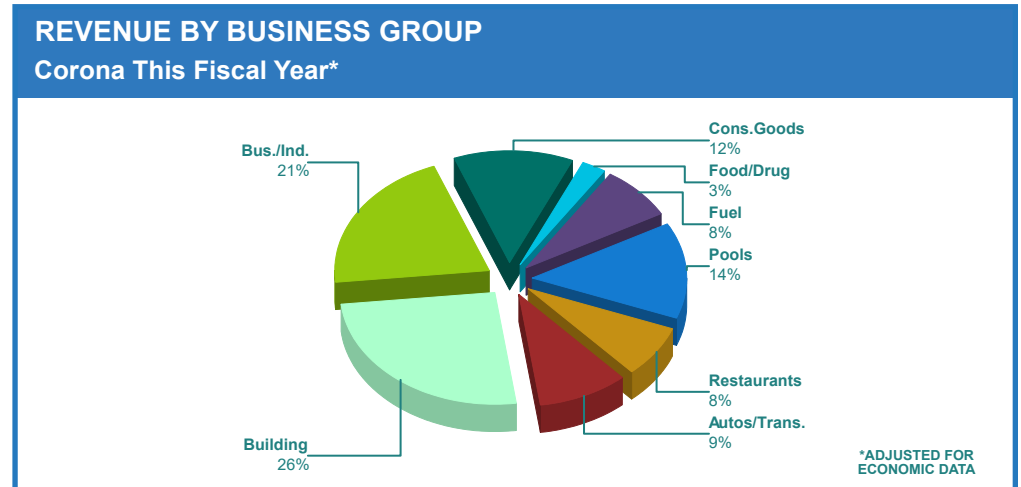
Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men’s and women’s apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper’s preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted – state law increasing California’s minimum wage at designated eateries – third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Corona Business Type	Q2 '24*	Change	County Change	HdL State Change
Contractors	3,004.0	6.7% ↑	4.1% ↑	-0.2% ↓
Fulfillment Centers	1,213.1	14.6% ↑	2.8% ↑	6.4% ↑
Discount Dept Stores	1,000.9	2.0% ↑	3.4% ↑	2.8% ↑
New Motor Vehicle Dealers	796.5	-10.9% ↓	-5.1% ↓	-7.7% ↓
Building Materials	768.8	0.3% ↑	-2.8% ↓	-3.0% ↓
Service Stations	670.0	-2.1% ↓	-0.8% ↓	2.3% ↑
Casual Dining	553.5	0.7% ↑	0.2% ↑	0.8% ↑
Plumbing/Electrical Supplies	526.8	-4.3% ↓	-13.5% ↓	-5.1% ↓
Quick-Service Restaurants	487.6	2.8% ↑	2.5% ↑	1.2% ↑
Heavy Industrial	452.4	-3.5% ↓	-1.2% ↓	-0.6% ↓

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars