

CITY OF HOLLISTER

SALES TAX UPDATE

1Q 2022 (JANUARY - MARCH)



HOLLISTER

TOTAL: \$ 1,837,576

17.6%
1Q2022



10.4%
COUNTY

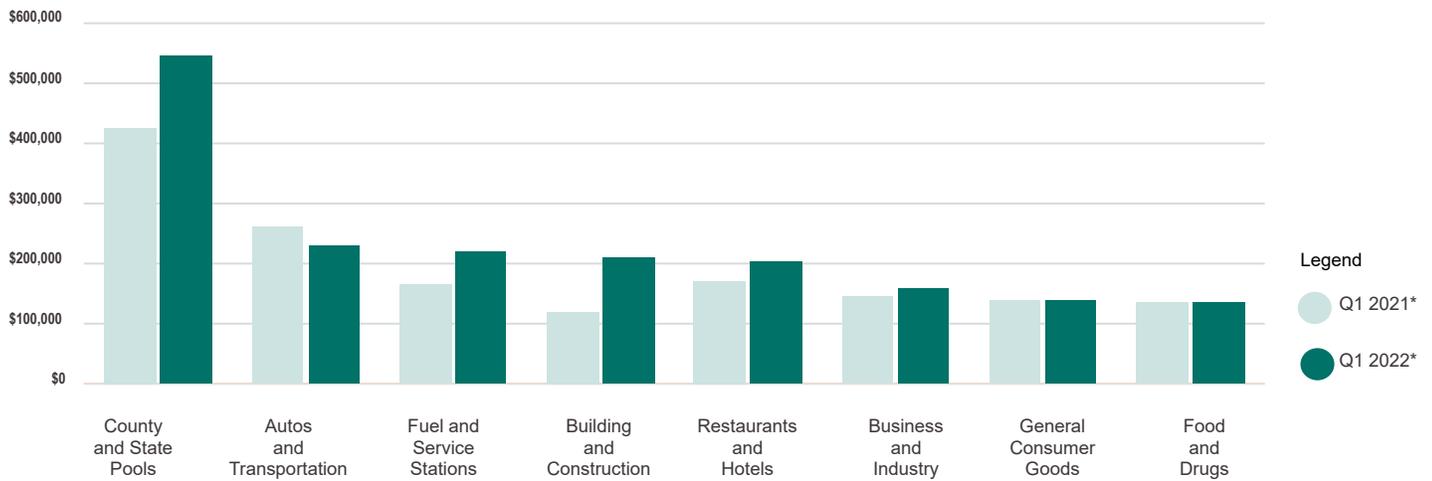


17.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure W

TOTAL: \$2,015,792

↑ 10.8%



CITY OF HOLLISTER HIGHLIGHTS

Hollister's receipts from January through March were 13.9% above the first sales period in 2021. Excluding late payments received in the comparison period and other reporting adjustments addressed by the state, receipts for the period were up 17.6%.

A reporting error unknown to the State overstated receipts for the construction group in the amount of \$82,000. This will be corrected by the end of the current fiscal year. Without this amount, adjusted receipts were up a respectable 12.4%.

Consumers continued to spend despite inflation. Higher gas prices did nothing

to stem demand while rising menu prices also failed to deter patrons from dining out.

Spending on transportation needs failed to match the 15% jump in sales that took place at this time last year.

Measure W's results are impressive, considering last year auto-transportation, general consumer goods, and construction group had growth of 44%, 35%, and 39% respectively.

Net of adjustments, taxable sales for all of San Benito County grew 10.4% over the comparable time period while those of the Central Coast region were up 15.1%.



TOP 25 PRODUCERS

- Ace Hardware & Lumber
- AZ Electronics Materials
- Brigantino Irrigation
- Chevron
- Ciminos Cabinet Doors
- Crop Production Services
- Gateway Arco AM PM
- Genesis Marketplace
- Greenwood Chevrolet
- Greenwood Ford
- Hollister Chevron
- McDonald's
- McKinnon Lumber
- Nob Hill Foods
- Quik Stop
- Ranch Gas & Food
- Safeway
- Safeway Fuel Station
- Save Mart
- Shell Gas & Mini Mart
- Shop N Save
- Star Concrete
- Taco Bell
- Target
- Teknova



STATEWIDE RESULTS

California's local one-cent sales and use tax for sales occurring January through March was 17% higher than the same quarter one year ago, after adjusting for accounting anomalies and onetime payments from previous quarters. By all accounts, the California retail economy continues roaring along. Even with instability in the stock market, the crisis in Ukraine pushing up the global price of crude oil and the U.S. Federal Reserve Board beginning to tackle inflation with a series of rate increases, consumer spending continued at a strong pace.

The invasion of Ukraine by Russian military forces on February 24 had an immediate upward impact on the global price of crude oil due to fears of supply shortages. Subsequently this has caused a dramatic jump to California consumer gas and diesel prices at a time when many in the workforce were commuting back into offices, also contributing to an overall increase in consumption. As expected, fuel and service station receipts increased 47% over last year and show no signs of pulling back with summer travel right around the corner.

Sales of new and used vehicles continue to be robust causing the autos and transportation sector to jump 15% for the period. Inventory shortages by some dealers may have caused buyers to experience a Fear Of Missing Out (FOMO) and pay elevated prices while interest rates remained lower. Automotive brands that have committed to full electric or hybrid models are attractive with consumers, especially given the sudden rise in fuel prices.

Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning

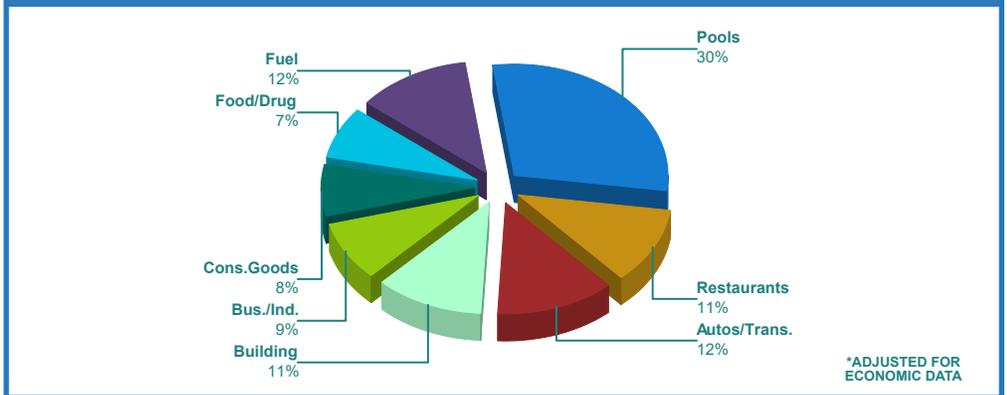
to normal and headwinds from inflation and higher cost goods haven't yet slowed consumer demand. The stellar returns were largely driven by discount department stores, especially those selling gas.

These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the summer tourism and travel season approaching, the industry is positioned to maintain post-pandemic growth and remain positive through 2022.

Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over the comparison period. Shoppers bought a range of merchandise and spending by businesses on capital equipment remained sensational.

The first quarter sales period contributed to an already strong 2021-22 fiscal year for most municipalities statewide. However, continued inflationary pressure, soaring interest rates and record gas prices may soften growth going into 2022-23.

REVENUE BY BUSINESS GROUP Hollister This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Hollister Business Type	Q1 '22*	Change	County Change	HdL State Change
Service Stations	220.5	34.9% ↑	34.4% ↑	43.4% ↑
Building Materials	161.2	125.0% ↑	111.0% ↑	7.6% ↑
Quick-Service Restaurants	100.3	6.4% ↑	4.6% ↑	7.8% ↑
Casual Dining	80.5	36.5% ↑	35.1% ↑	55.7% ↑
Grocery Stores	68.0	0.8% ↑	0.7% ↑	3.2% ↑
Drugs/Chemicals	60.6	13.5% ↑	12.8% ↑	9.8% ↑
Garden/Agricultural Supplies	55.4	22.7% ↑	25.2% ↑	2.6% ↑
Automotive Supply Stores	48.3	5.5% ↑	4.8% ↑	4.6% ↑
Contractors	43.0	0.3% ↑	8.8% ↑	20.5% ↑
Convenience Stores/Liquor	21.2	-3.0% ↓	3.9% ↑	1.7% ↑

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