

CITY OF HUGHSON

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



HUGHSON
TOTAL: \$ 336,227

26.6%
4Q2021



11.6%
COUNTY

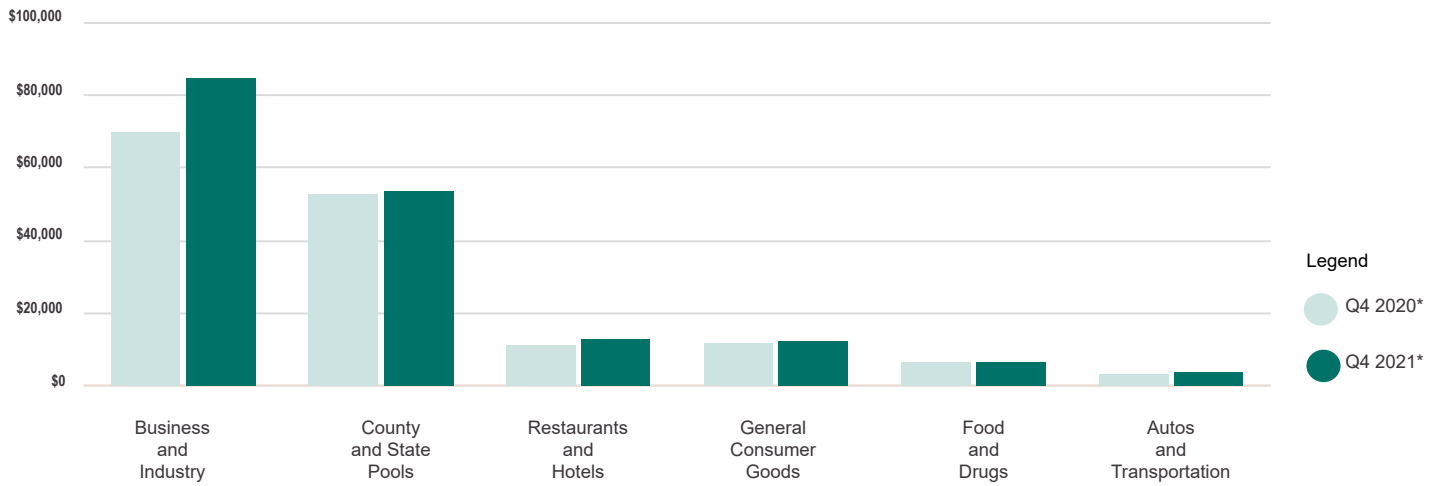


15.6%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF HUGHSON HIGHLIGHTS

Hughson's receipts from October through December were 33.3% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 26.6%.

Top tax generators in the business-industry segment aided in overall positive results. The group's 22% increase was the first growth period since the third quarter of 2019.

Full-service establishments lifted the restaurant group, while payment aberrations inflated the City's cash receipts in the current quarter. Proceeds from general retail and food-drugs categories were flat.

From a regional perspective, the San Joaquin Valley followed statewide trends with modest gains from building-construction and significant elevation

from fuel-service stations proceeds. Statewide, the average price per gallon of gas increased 44% from the same period in the prior year.

Strong sales from the City's local businesses provided a boost to their share of the Stanislaus use tax pool, increasing indirect receipts by 2.5%. Overall, Stanislaus County pool collections dipped 8.4%.

Net of aberrations, taxable sales for all of Stanislaus County grew 11.6% over the comparable time period; the San Joaquin Valley was up 17.0%.



TOP 25 PRODUCERS

Agave Azul	Quick N Save
Bobs Coffee Shop	Santa Fe Market & Liquor
Boulet Consulting	Save Mor Market
Builders Firstsource	Scott's Pool Repair & Remodeling
Coco's Taqueria	Slick Fork BBQ
Dollar General	Subway
Dollar Tree	Wilbur Ellis
Golden Bowl	
Grossi Fabrication	
Hughson Asian Kitchen	
Hughson Chevron	
Hughson Farm Supply	
La Perla Tapatia	
Lacy's Furniture & Home Decor	
Love & Style Boutique	
Mid Valley Agricultural Services	
Napa Auto Parts	
Pizza Factory	



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of October through December were 15% 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, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women's apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

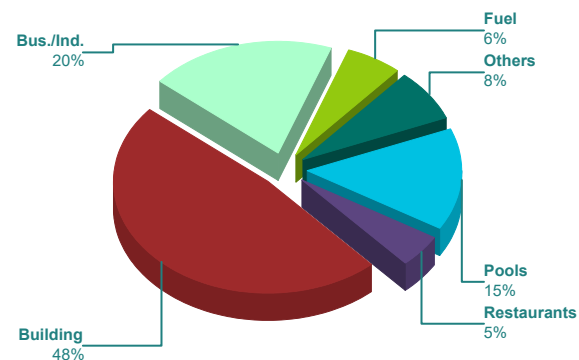
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State's history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

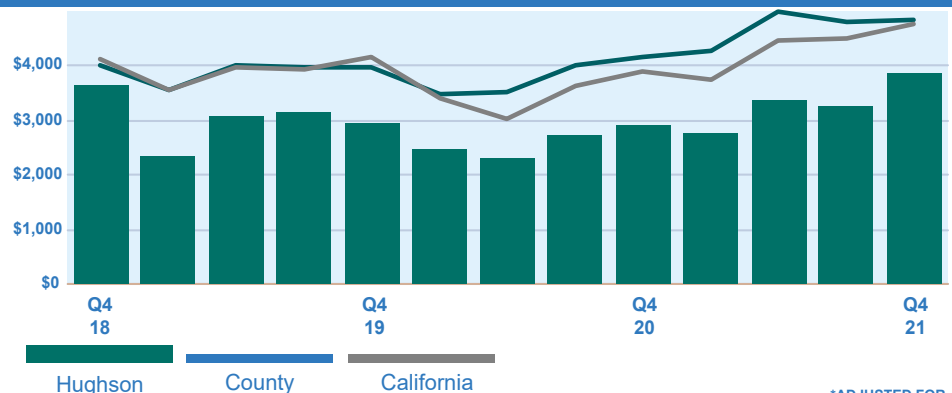
in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia's war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

REVENUE BY BUSINESS GROUP Hughson This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

SALES PER CAPITA*



*ADJUSTED FOR ECONOMIC DATA