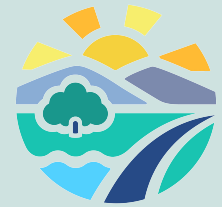


CITY OF MOUNTAIN VIEW

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



MOUNTAIN VIEW

TOTAL: \$ 6,479,979

2.6%

4Q2022



2.9%

COUNTY



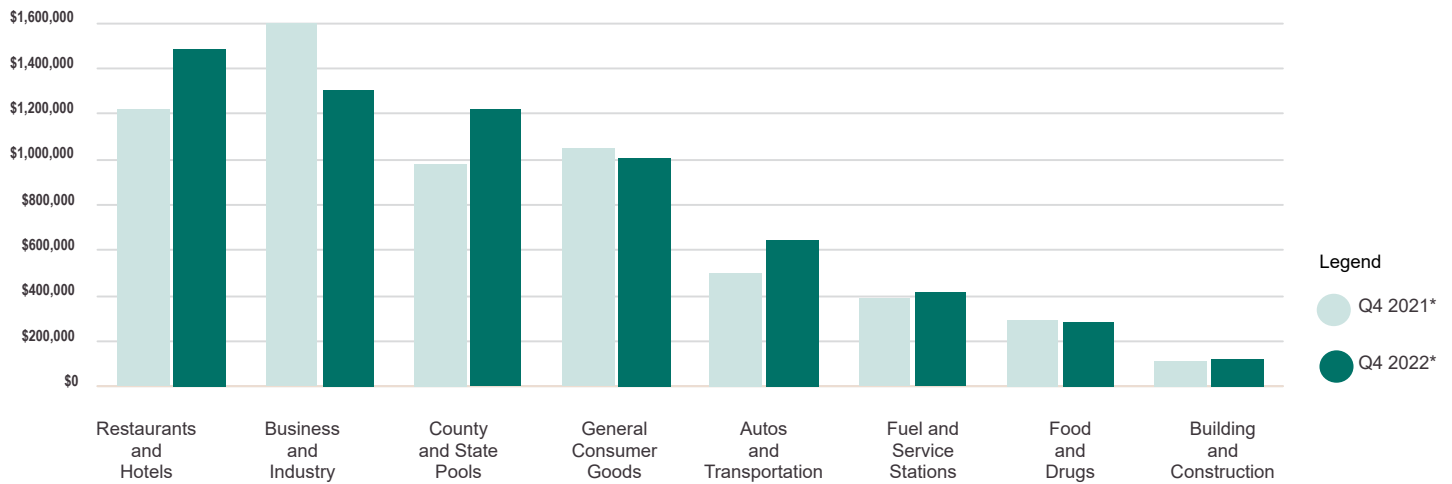
4.7%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF MOUNTAIN VIEW HIGHLIGHTS

Mountain View's receipts from October through December were 19.6% above the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 2.6%.

After six quarters of double digit increases, the sales tax base is showing signs of gradual slowdown in some categories, as other categories are seeing a slow return to pre-pandemic levels. The slowing in some categories is to be expected since much of the prior buildup came from consumer behavior that is not sustainable, especially in light of growing inflation. That is not to say that the sales tax base is expected to recede, it is more likely going to continue growing, but at a slower pace.

As jobs continue to call workers back to the office, the restaurants are seeing boosts with the increased foot traffic.

A spike in the comparable quarter in the electronic equipment caused the decline in the category and was the reason for the 18% decline in the business-industry group.

The countywide pool had gains in receipts due to spikes in the business-industry group; a decline in point of sale for another agency in the pool increases the City's portion of pool resulting in the 25% growth in the City's allocation.

Net of aberrations, taxable sales for all of Santa Clara County grew 2.9% over the comparable time period; the Bay Area was up 5.5%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|-------------------|
| Allison BMW | Synopsis |
| Best Buy | Target |
| Bon Appetit | Total Wine & More |
| Compass Group USA | Valley Oil |
| Costco | Walmart |
| Financial Services Vehicle Trust | Waymo |
| In N Out Burger | Wing Aviation |
| Kiwi Co | |
| Lunar Energy Inc | |
| Marshalls | |
| Mountain View Shell | |
| Nuro Inc | |
| Omnicell | |
| Project Fi by Google | |
| Pure Storage | |
| Ross | |
| Safeway | |
| Siemens Medical Solutions | |



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.

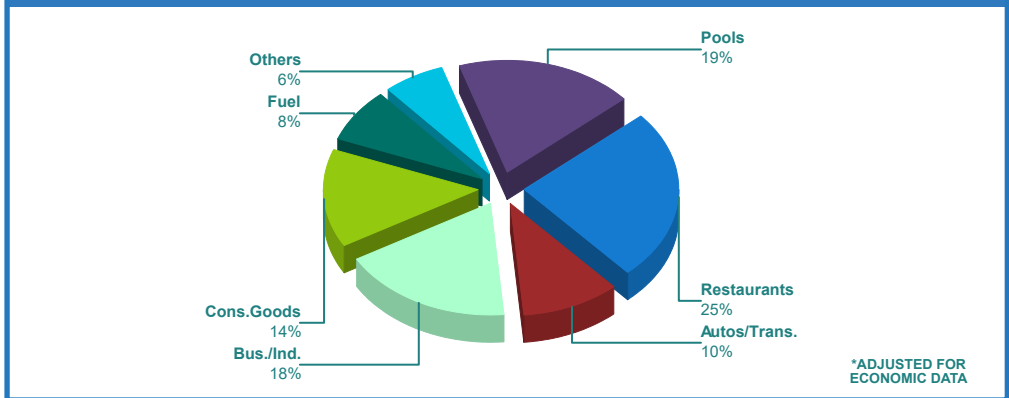
With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

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 Mountain View This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Mountain View Business Type	Q4 '22*	Change	County Change	HdL State Change
Electrical Equipment	486.9	-41.3% ↓	19.4% ↑	22.0% ↑
Casual Dining	447.3	8.9% ↑	14.2% ↑	8.2% ↑
Service Stations	413.3	6.1% ↑	8.2% ↑	7.5% ↑
Medical/Biotech	262.3	1.8% ↑	17.1% ↑	1.4% ↑
Quick-Service Restaurants	164.5	5.7% ↑	8.5% ↑	5.7% ↑
Grocery Stores	135.3	-8.7% ↓	0.8% ↑	6.2% ↑
Business Services	127.6	60.1% ↑	-4.2% ↓	7.7% ↑
Electronics/Appliance Stores	120.1	-15.9% ↓	20.3% ↑	10.8% ↑
Convenience Stores/Liquor	90.3	1.6% ↑	2.4% ↑	0.9% ↑
Family Apparel	85.4	0.8% ↑	0.2% ↑	-0.9% ↓

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