

# CITY OF LOS ALTOS

## SALES TAX UPDATE

### 1Q 2022 (JANUARY - MARCH)



**LOS ALTOS**

TOTAL: \$ 691,646

25.3%  
1Q2022



14.7%  
COUNTY

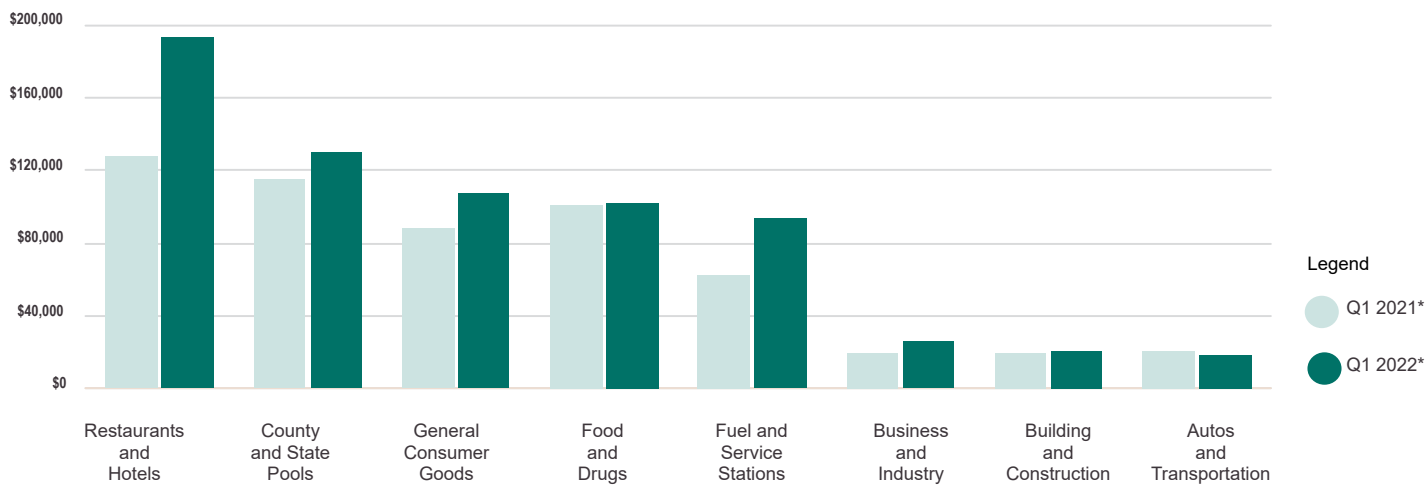


17.1%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF LOS ALTOS HIGHLIGHTS

Los Altos' receipts from January through March were 20.1% above the first sales period in 2021. Excluding reporting aberrations, actual sales were up 25.3%.

The local economy continued to show signs of post-pandemic recovery and growth. Several general consumer goods segments expanded including specialty, sporting goods/bikes and jewelry stores.

The City experienced robust rebounds from casual and fine dining venues along added dollars from catering companies. However, the restaurants-hotels category has been impacted by escalating costs and staff shortages that present ongoing challenges for operators which could slow gains over the coming few quarters.

With the global cost of crude oil causing higher local gas prices brought about

predominantly from the Ukraine invasion by Russia in late February, revenue from service stations skyrocketed.

E-commerce spending continued to perform well; allocations rose 13% via the use tax pool.

Although it's a smaller group in Los Altos' sales tax base, transaction activity in business-industry performed well, up 34%.

Net of aberrations, taxable sales for all of the Bay Area grew 17.9%.



### TOP 25 PRODUCERS

- Amber India Restaurant
- Arco AM PM
- BevMo
- Bicycle Outfitter
- Bon Appetit Management Co
- Chef Chus
- Draegers Super Market
- El Camino 76
- Los Altos 76
- Los Altos Chevron
- Los Altos Grill
- Lucky Supermarket
- Main Street Chevron
- Powerflex Systems
- Rancho 76
- Rustic House
- Rutt of Los Altos
- Safeway
- Speedway Express
- State of Mind Public House & Pizzeria
- Steinway
- The Post
- Trader Joes
- Walgreens
- Whole Foods Market



**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.

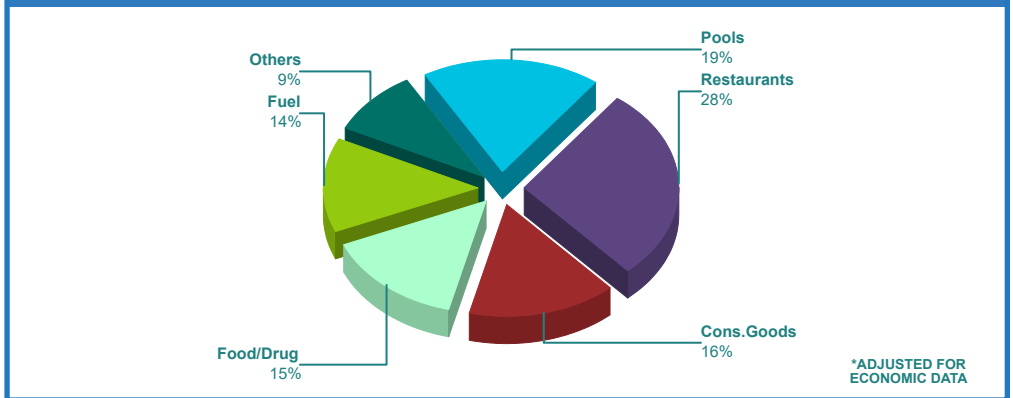
Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over

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**

Los Altos This Quarter\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Los Altos Business Type	Q1 '22	Change	County Change	HdL State Change
Casual Dining	125,741	41.6% ↑	64.5% ↑	55.7% ↑
Service Stations	93,602	51.3% ↑	51.1% ↑	43.3% ↑
Grocery Stores	74,720	0.3% ↑	7.6% ↑	3.3% ↑
Fine Dining	31,310	63.8% ↑	75.4% ↑	82.4% ↑
Home Furnishings	24,607	-2.5% ↓	9.4% ↑	1.0% ↑
Quick-Service Restaurants	13,781	43.7% ↑	15.7% ↑	7.8% ↑
Specialty Stores	13,232	6.4% ↑	15.0% ↑	10.9% ↑
Convenience Stores/Liquor	10,896	-14.1% ↓	-1.9% ↓	1.8% ↑
Contractors	9,889	-14.8% ↓	22.6% ↑	20.0% ↑
Sporting Goods/Bike Stores	9,546	1.7% ↑	-0.1% ↓	-5.1% ↓

\*Allocation aberrations have been adjusted to reflect sales activity