

# CITY OF LOS ALTOS

## SALES TAX UPDATE

### 3Q 2022 (JULY - SEPTEMBER)



**LOS ALTOS**

TOTAL: \$ 788,370

8.8%  
3Q2022



8.3%  
COUNTY

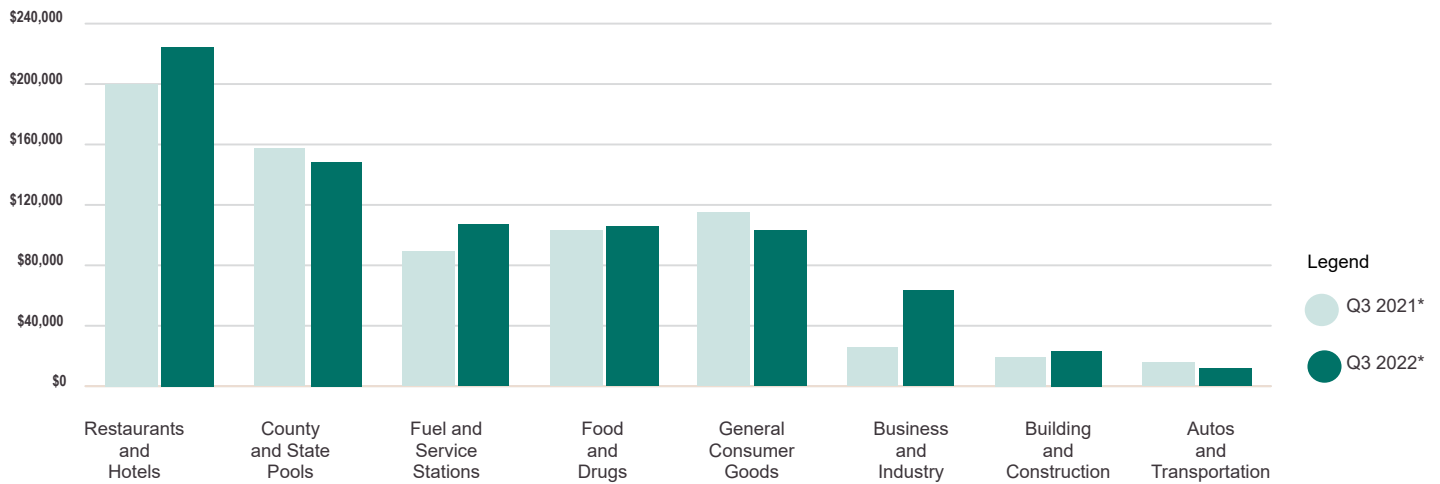


8.0%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF LOS ALTOS HIGHLIGHTS

Los Altos' gross receipts from July through September was 4.6% below the third sales period in 2021; however, after various reporting modifications actual sales were up 8.8%. Net of the countywide pools, place of sale collections increased 12.7%. Even with pressures of inflation and interest rates, many sales tax groups enjoyed growth during the busy summer months.

For the sixth consecutive quarter, casual and fine dining led a double-digit increase in restaurant revenues as residents and visitors enjoyed the experience of dining out – regardless of higher menu prices. The cost of crude oil kept fuel costs high during the third quarter, pumping service station receipts up 20.8%. A large onetime allocation boosted the business-industry receipts; and building materials purchases and

contractor activity helped support the building-construction group.

Although many of the general consumer goods sectors performed well, a large, onetime negative allocation offset these gains. The autos-transportation group also posted lower receipts. Larger quarterly sales tax growth by other agencies in the county caused a 5.4% decrease in the City's allocation from the countywide use tax pool.

Net of adjustments, taxable sales for all of Santa Clara County grew 8.3% over the comparable time period; the Bay Area was up 9.9%.



### TOP 25 PRODUCERS

- Amber India Restaurant
- Arco AM PM
- BevMo
- Bicycle Outfitter
- Bon Appetit Management Co
- Chef Chus
- Draegers Super Market
- Easy Ice
- Los Altos 76
- Los Altos Chevron
- Los Altos Gas & Service
- Los Altos Grill
- Lucky Supermarket
- Main Street Chevron
- Rancho 76
- Rustic House
- Safeway
- Speedway Express
- State of Mind Public House & Pizzeria
- The Post
- Trader Joes
- True Value Hardware
- Turn 2 Solutions
- Walgreens
- Whole Foods Market



**STATEWIDE RESULTS**

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

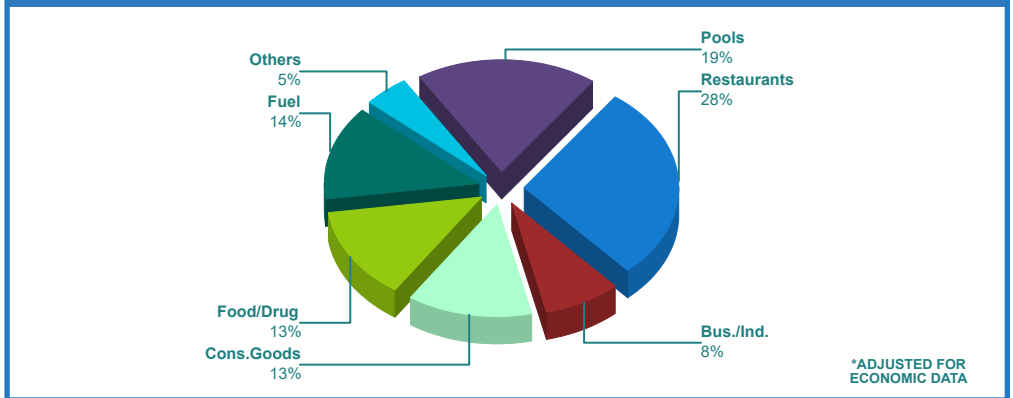
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

**REVENUE BY BUSINESS GROUP**  
Los Altos This Quarter\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Los Altos Business Type	Q3 '22	Change	County Change	HdL State Change
Casual Dining	139,988	6.1% ↑	19.2% ↑	10.1% ↑
Service Stations	107,545	20.8% ↑	21.2% ↑	18.5% ↑
Grocery Stores	76,587	2.4% ↑	4.9% ↑	3.0% ↑
Fine Dining	34,277	7.6% ↑	8.3% ↑	5.1% ↑
Home Furnishings	30,358	30.5% ↑	-9.3% ↓	-6.2% ↓
Quick-Service Restaurants	17,036	3.2% ↑	8.8% ↑	4.0% ↑
Specialty Stores	14,995	-3.7% ↓	10.7% ↑	4.0% ↑
Sporting Goods/Bike Stores	12,689	3.3% ↑	-3.4% ↓	-4.2% ↓
Jewelry Stores	12,152	53.5% ↑	-5.8% ↓	2.5% ↑
Fast-Casual Restaurants	10,421	5.1% ↑	11.0% ↑	6.2% ↑

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