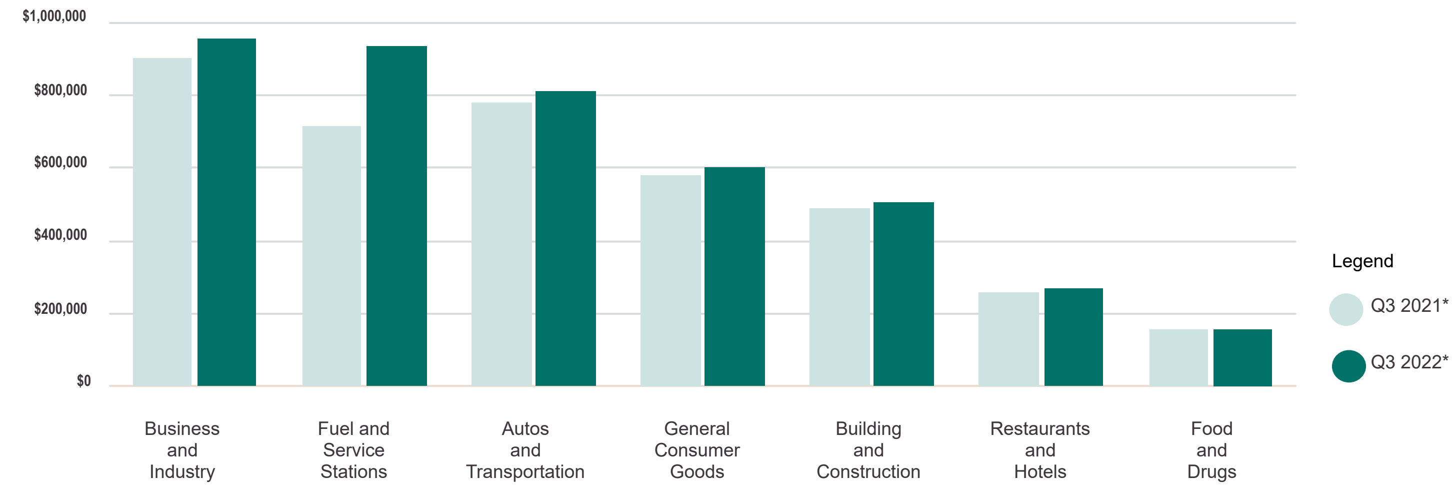
MADERA COUNTY MEASURE T
SALES TAX UPDATE
3Q 2022 (JULY - SEPTEMBER)

MADERA COUNTY MEASURE T	9.4% ↑	8.0% ↑
TOTAL: $ 4,262,116	3Q2022	STATE

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

SALES TAX BY MAJOR BUSINESS GROUP



MADERA COUNTY TRANSPORTATION COMMISSION - MEASURE T HIGHLIGHTS

The Madera County Transportation Commission's 0.5% Measure T receipts from July through September were 4.6% above the third sales period in 2021. Excluding reporting adjustments, actual receipts for the period were up 9.4%.

After eight straight quarters of double-digit increases, the sales tax base is showing signs of a gradual slow-down. This is to be expected since much of the prior buildup came from consumer behavior that is not sustainable, especially in light of growing inflation and the effects of the drought. This is not to say that the sales tax base is going to recede, it is more likely going to continue growing, but at a much slower pace.

High fuel prices had the obvious and beneficial effect on receipts, but nearly 10% of the gain came from new stations open less than a year. Sales of general consumer goods continued to be mixed across the group of stores while the reported gain for this group came from online sales that offset minor store losses.

Construction spending rose due to inflation as much as from new project development. The same is true for the results of the business and industry group, which tracks business-to-business sales of supplies and equipment.

The one surprise was new and used car sales increased following last year's 20% growth.

Net of adjustments, taxable sales for all of Madera County increased 11.6% over the comparable time period while those of the San Joaquin Valley were up 6.4%.

TOP NON-CONFIDENTIAL BUSINESS TYPES

Madera County Transportation Commission - Measure T			HdL State
Business Type	**Q3 '22***	**Change**	**Change**
Service Stations	794.8	33.6% ↑	18.5% ↑
New Motor Vehicle Dealers	412.7	10.0% ↑	10.0% ↑
Building Materials	223.8	7.9% ↑	2.8% ↑
Contractors	219.1	-4.6% ↓	15.6% ↑
Garden/Agricultural Supplies	218.8	2.4% ↑	-2.1% ↓
General Merchandise	192.0	11.7% ↑	40.0% ↑
Used Automotive Dealers	189.7	0.6% ↑	-7.6% ↓
Warehse/Farm/Const. Equip.	180.8	-2.6% ↓	7.9% ↑
Petroleum Prod/Equipment	130.5	17.3% ↑	41.2% ↑
Quick-Service Restaurants	123.5	-1.7% ↓	4.0% ↑

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

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.

Major Business Group Trends By County

Percent Change from 3rd Quarter 2021 *

	Autos/Tran.	Bldg/Const	Bus/ind.	Food/Drug	Fuel	Cons. Goods	Restaurants
Fresno Co.	-3.2%	3.2%	6.6%	6.6%	17.5%	-1.0%	0.2%
Kern Co.	1.5%	5.2%	16.0%	3.2%	17.9%	-0.5%	-0.9%
Kings Co.	-4.4%	0.8%	-6.8%	-5.2%	20.0%	1.9%	-0.3%
Madera Co.	-1.4%	-1.6%	26.7%	2.9%	31.4%	-1.0%	2.8%
Merced Co.	-3.0%	5.9%	-6.6%	-5.3%	20.9%	-1.4%	0.6%
San Joaquin Co.	2.9%	6.1%	-1.9%	-2.0%	20.8%	-3.3%	2.7%
Stanislaus Co.	-3.5%	-4.2%	4.4%	-9.7%	25.6%	-3.1%	0.6%
Tulare Co.	-3.0%	15.3%	1.4%	-0.9%	21.1%	-2.6%	2.9%

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