City of Palmdale
Sales Tax Update
1Q 2022 (January - March)

Palmdale
Total: $6,645,948

-21.6% 21.6% 17.1%
1Q2022 County State

Sales Tax by Major Business Group

*Allocation aberrations have been adjusted to reflect sales activity

Legend

$0 $500,000 $1,000,000 $1,500,000 $2,000,000 $2,500,000 $3,000,000 $3,500,000 $4,000,000

General Consumer Goods
County and State Pools
Autos and Transportation
Restaurants and Hotels
Fuel and Service Stations
Building and Construction
Food and Drugs
Business and Industry

Measure AV
Total: $5,205,933

CITY OF PALMDALE HIGHLIGHTS

Palmdale’s receipts from January through March were 63.4% below the first sales period in 2021. Excluding reporting adjustments, receipts for the period were down 21.6%.

The unadjusted results reflect a $9.9 million positive correction that posted a year ago. The correction was made to fix an erroneous state entry that took money away from the City in 2020. The effect on this period was to lower the City’s share of the use tax pool, cutting the allocation payment by $2.2 million which is reflected in the adjusted results.

New car sales were mixed but the two dealers added previously helped offset the declines. The sharp rise in fuel prices boosted the fuel group’s receipt total.

Measure AV has been in effect for a year. This period’s results reflect the steady level of vehicle purchases by locals since the tax was initiated. Comparative results will be available next quarter.

Net of adjustments, taxable sales for all of Los Angeles County grew 21.6% over the comparable time period while those of the Southern California region were up 19.2%.

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Antelope Valley Nissan
Ashley Furniture Homestore
Best Buy
Camacho Auto Sales
Carmax
Chick Fil A
Circle K
Diamond Buick GMC Palmdale
Diamond Hyundai Palmdale
Home Depot
Lockheed Martin
Lowes
Macy’s
McDonalds
Northrop Grumman
Rally Kia
Robertsons Palmdale
Honda
Ross
Sams Club w/ Fuel
Shell
Stater Bros
Target
TJ Maxx
Walmart Supercenter

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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.