

CITY OF SAN FERNANDO

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



SAN FERNANDO

TOTAL: \$ 1,738,301

-4.9%

3Q2023



-2.5%

COUNTY



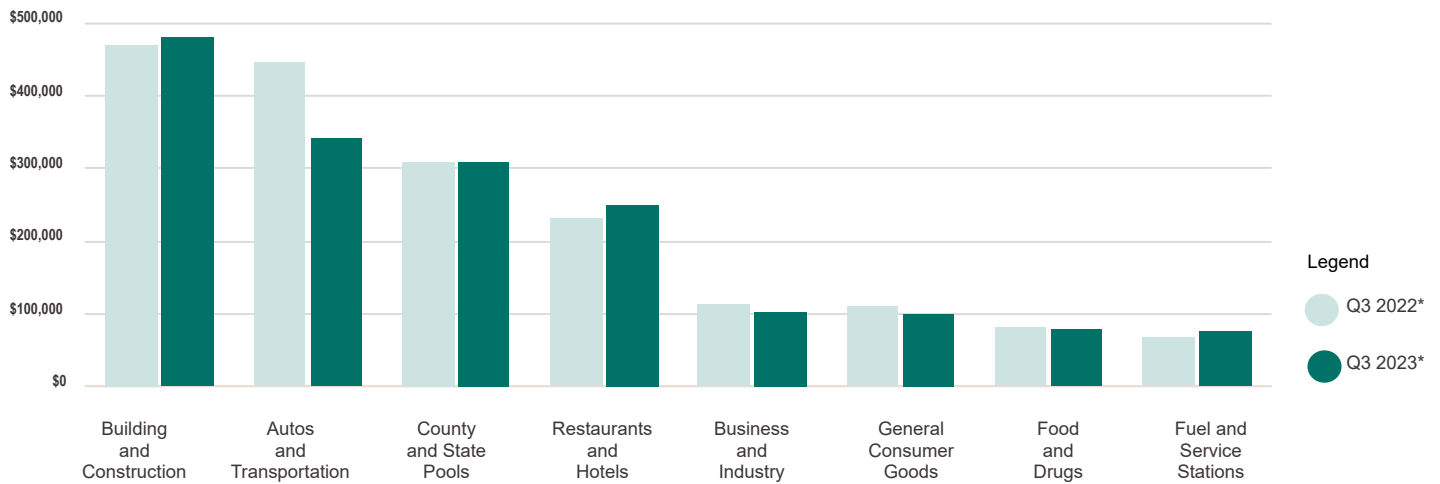
-1.7%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure SF

TOTAL: \$1,270,992

↓ -0.9%



CITY OF SAN FERNANDO HIGHLIGHTS

San Fernando's receipts from July through September were 2.9% below the third sales period in 2022. Excluding reporting aberrations, actual sales were down 4.9%.

Inflationary pressures caused higher menu pricing, however, patrons continued to venture out to restaurants, resulting in an 8.8% increase from the prior year. Fuel & service stations rebounded from the historic high pricing in 2022 with growth of 12.8%

Autos & transportation followed the current state trend of lower new and used car sales due to higher pricing and financing costs, as well as a slowdown in other auto sub-sectors.

Business & industry was pulled lower as companies began slowing their capital purchases. General consumer goods experienced a slowdown as shoppers took stock of higher costs and what is considered an essential need.

The City's Transaction and Use Tax Measure SF generated 73.3% of the Bradley-Burns amount led by solid performance from general consumer goods.

Net of aberrations, taxable sales for all of Los Angeles County declined 2.4% over the comparable time period; the Southern California region was down 1.4%.



TOP 25 PRODUCERS

Acey Decy Lighting

Ally Financial

Arco

Arroyo Building Materials

Casco

CCAP Auto Lease

El Pollo Loco

El Super

Enterprise Rent A Car

Ganas Auto

Goodman Distribution

Home Depot

IHOP

Maclay Shell & Circle K

McDonalds

Nachos Ornamental Supply

Pool & Electrical Products

Rydel Chrysler Dodge Jeep Ram

Smart & Final

T Mobile

Taco Bell

Truman Fuel

Vallarta Supermarket

Wingstop

WSS



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

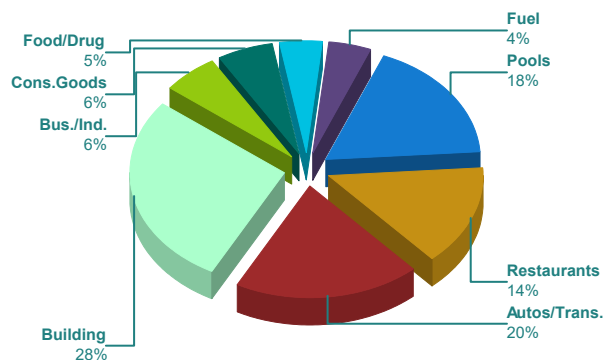
Despite continued increases of new car registrations, revenue from the autos-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingered consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP San Fernando This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

San Fernando Business Type	Q3 '23*	Change	County Change	HdL State Change
Quick-Service Restaurants	149.8	9.6% ↑	1.5% ↑	2.7% ↑
Service Stations	76.1	12.8% ↑	-8.2% ↓	-7.3% ↓
Casual Dining	67.6	-1.4% ↓	3.3% ↑	2.8% ↑
Contractors	63.3	-19.0% ↓	-4.4% ↓	-1.1% ↓
Grocery Stores	47.9	1.8% ↑	2.7% ↑	2.3% ↑
Auto Lease	44.0	3.6% ↑	-5.0% ↓	-0.4% ↓
Fast-Casual Restaurants	32.0	31.8% ↑	2.5% ↑	3.3% ↑
Automotive Supply Stores	31.1	-1.2% ↓	0.9% ↑	2.1% ↑
Electronics/Appliance Stores	27.5	-0.9% ↓	-16.7% ↓	-14.1% ↓
Auto Repair Shops	18.7	5.4% ↑	-3.5% ↓	-1.0% ↓

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*In thousands of dollars