

# CITY OF SAN FERNANDO

## SALES TAX UPDATE

### 1Q 2023 (JANUARY - MARCH)



#### SAN FERNANDO

TOTAL: \$ 1,628,755

-3.4%

1Q2023



-1.5%

COUNTY



-1.1%

STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure SF

TOTAL: \$1,202,505

↑ 0.4%



#### CITY OF SAN FERNANDO HIGHLIGHTS

San Fernando's receipts from January through March were 5.4% below the first sales period in 2022. Excluding reporting aberrations, actual sales were down 3.4%.

Weak sales reported from multiple groups with some bright spots in restaurants and general consumer goods. Federal policy maker moves to cool inflation have meant dealing with higher interest rates from influencing mortgage, vehicle purchases to credit card revolving debt APR's.

Similar to the regional trend, building-construction sector sales stalled, perhaps influenced with the wetter weather during the quarter for lower contractor activity. Heavy industrial and motion picture equipment sales couldn't match the strong showing last year, dragging down business receipts.

Sluggish spending on transportation needs with consumers focus on other priorities,

although with the average vehicle life now greater than 12 years, auto supply store receipts gained. Fuel sales softened as pump prices are down from peak levels last spring.

Patrons continued to frequent local quick service and casual dining restaurants. Some slowdown may be coming due to elevated menu pricing or selecting more affordable options to save money.

Voter approved Measure SF results were flat with some investments in the business sector and higher restaurant receipts, but lower building and automotive sales offset the gains.

Net of aberrations, taxable sales for all of Los Angeles County declined 1.5% over the comparable time period; the Southern California region was down 0.8%.



#### TOP 25 PRODUCERS

- Araca Merchandise
- 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 Mobil
- Maclay Shell & Circle K
- McDonalds
- Nachos Ornamental Supply
- Pool & Electrical Products
- Rydell Chrysler Dodge Jeep Ram
- Smart & Final
- T Mobile
- TMB Production Supplies & Services
- Truman Fuel
- Vallarta Supermarket
- Wingstop
- WSS



## STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

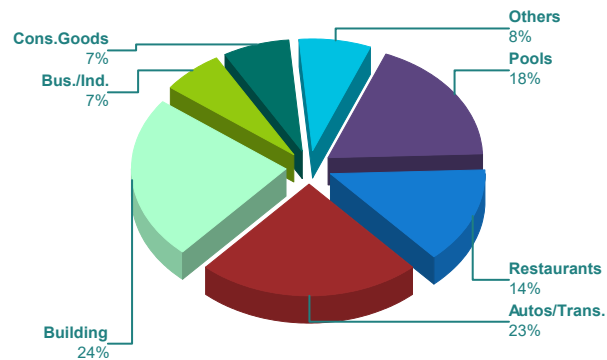
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

### REVENUE BY BUSINESS GROUP San Fernando This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

San Fernando Business Type	Q1 '23*	Change	County Change	HdL State Change
Quick-Service Restaurants	138.9	7.0% ↑	5.9% ↑	5.1% ↑
Casual Dining	58.4	-0.2% ↓	11.9% ↑	9.6% ↑
Service Stations	56.1	-0.1% ↓	-10.0% ↓	-9.8% ↓
Contractors	51.2	-26.4% ↓	-8.4% ↓	-12.6% ↓
Grocery Stores	36.8	3.5% ↑	6.3% ↑	5.4% ↑
Auto Lease	33.0	-0.1% ↓	-9.2% ↓	-6.9% ↓
Automotive Supply Stores	32.7	16.3% ↑	5.6% ↑	5.4% ↑
Fast-Casual Restaurants	30.5	9.2% ↑	6.4% ↑	6.4% ↑
Electronics/Appliance Stores	26.8	-13.5% ↓	-5.6% ↓	-2.4% ↓
Auto Repair Shops	17.3	9.0% ↑	6.8% ↑	5.7% ↑

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\*In thousands of dollars