

# CITY OF SAN FERNANDO

## SALES TAX UPDATE

### 2Q 2023 (APRIL - JUNE)



#### SAN FERNANDO

TOTAL: \$ 1,672,757

-11.8%

2Q2023



-4.2%

COUNTY



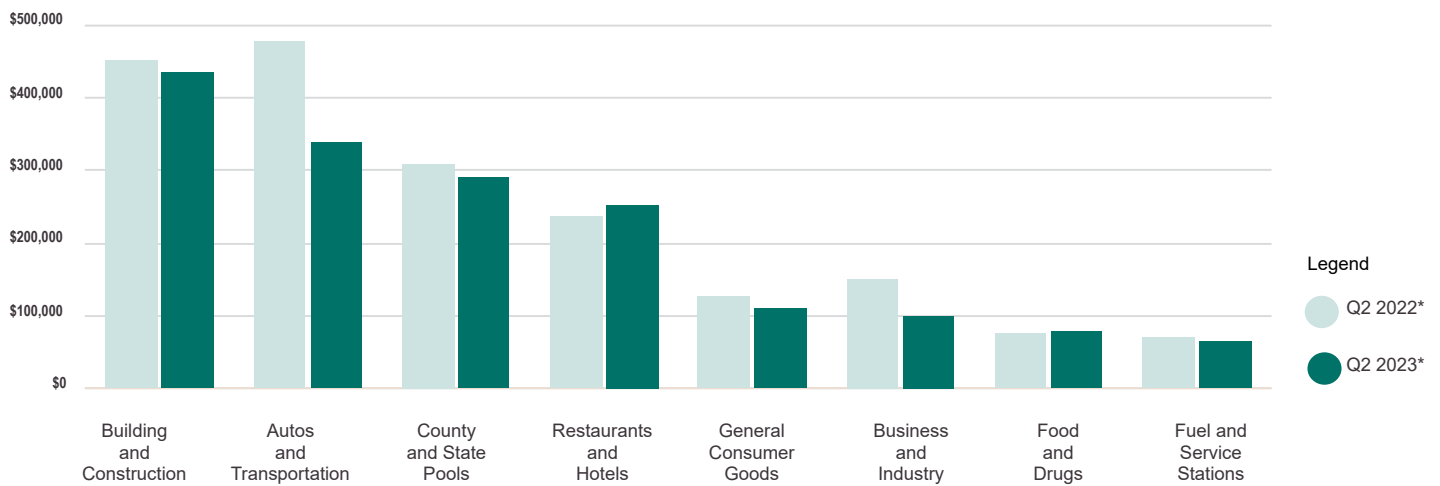
-3.0%

STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure SF

TOTAL: \$1,291,182

↑ 0.1%



#### CITY OF SAN FERNANDO HIGHLIGHTS

San Fernando's receipts from April through June were 7.0% below the second sales period in 2022. Excluding reporting aberrations, actual sales were down 11.8%.

The City experienced the largest decrease in autos-transportation. Despite a surge in new car transactions statewide, sales tax receipts in this quarter experienced a small decline over the previous year.

Results from general consumer goods, including electronics/appliance stores and family apparel, were also sluggish in the second quarter and down statewide from the same period in 2022. Returns from heavy industrial/printers, drugs/

chemicals, contractors, and the county pools were also down.

Receipts from auto lease, quick service and fast casual restaurants, and food-drugs increased and combined to partially offset the overall quarterly loss.

The City's Transaction and Use Tax, Measure SF, generated 77.4% of the Bradley Burns amount, led by solid performance from building-construction and restaurants-hotels.

Net of aberrations, taxable sales for all of Los Angeles County declined 4.2% over the comparable time period; the Southern California region was down 3.0%.



#### TOP 25 PRODUCERS

- |                           |                                 |
|---------------------------|---------------------------------|
| Acey Decy Lighting        | McDonalds                       |
| Ally Financial            | Nachos Ornamental Supply        |
| Arco                      | Pool & Electrical Products      |
| Arroyo Building Materials | Rydelly Chrysler Dodge Jeep Ram |
| Casco                     | Smart & Final                   |
| CCAP Auto Lease           | T Mobile                        |
| CVS Pharmacy              | Truman Fuel                     |
| El Pollo Loco             | Vallarta Supermarket            |
| El Super                  | Wingstop                        |
| Enterprise Rent A Car     | WSS                             |
| Ganas Auto                |                                 |
| Goodman Distribution      |                                 |
| Home Depot                |                                 |
| IHOP                      |                                 |
| Maclay Shell & Circle K   |                                 |



## STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

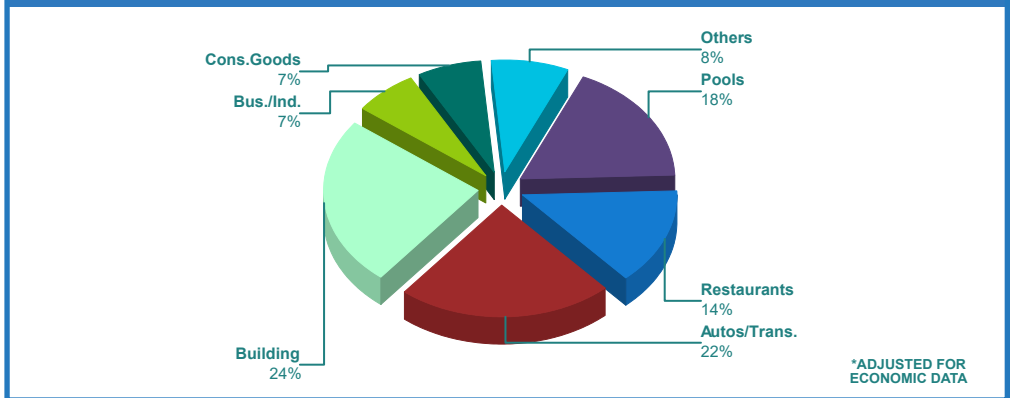
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

### REVENUE BY BUSINESS GROUP San Fernando This Fiscal Year\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

San Fernando Business Type	Q2 '23*	Change	County Change	HdL State Change
Quick-Service Restaurants	150.2	8.9% ↑	2.7% ↑	3.2% ↑
Casual Dining	71.1	1.2% ↑	5.7% ↑	4.5% ↑
Service Stations	65.9	-6.3% ↓	-21.7% ↓	-19.9% ↓
Contractors	59.1	-16.0% ↓	-3.1% ↓	-2.8% ↓
Auto Lease	44.6	33.3% ↑	1.1% ↑	2.7% ↑
Grocery Stores	43.1	3.5% ↑	3.4% ↑	2.9% ↑
Electronics/Appliance Stores	32.7	-5.1% ↓	-8.8% ↓	-6.3% ↓
Fast-Casual Restaurants	30.8	17.6% ↑	3.1% ↑	4.0% ↑
Automotive Supply Stores	29.1	2.2% ↑	3.5% ↑	3.3% ↑
Auto Repair Shops	18.8	-1.3% ↓	-3.6% ↓	2.2% ↑

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