

CITY OF SAN FERNANDO

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



SAN FERNANDO

TOTAL: \$ 1,707,678

0.5%
2Q2024



-0.5%
COUNTY

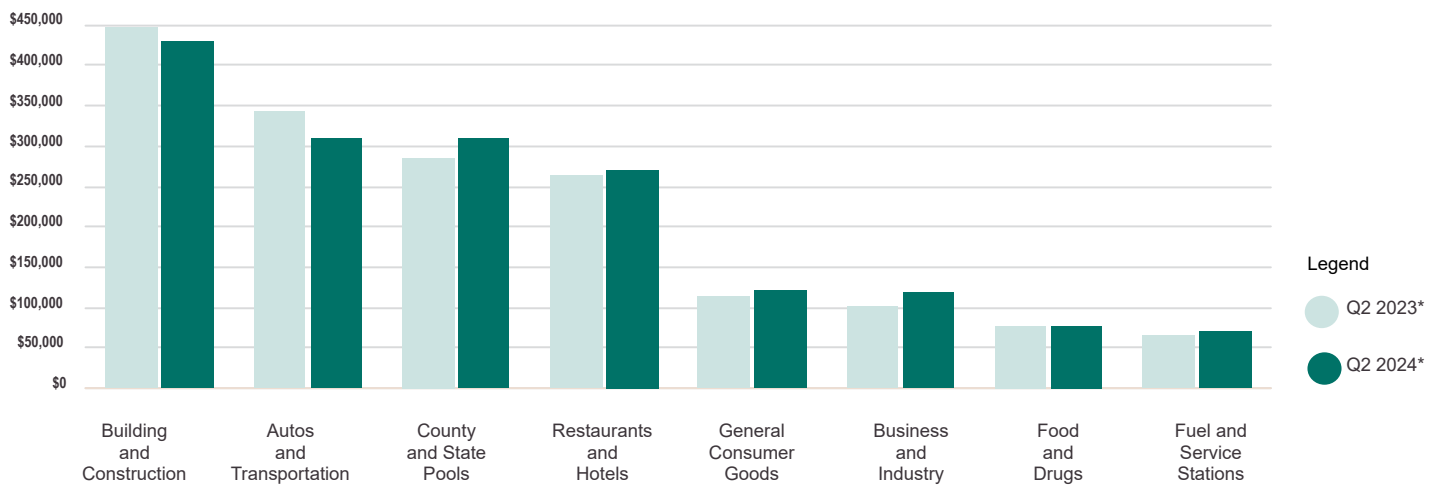


-0.6%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure SF

TOTAL: \$1,237,316

↓ -2.8%



CITY OF SAN FERNANDO HIGHLIGHTS

San Fernando's receipts from April through June were 0.2% below the second sales period in 2023. Excluding reporting aberrations, actual sales were up 0.5%.

Inflation has begun to moderate, and with a proposed Fed rate cut of 0.5%, the hope is to begin growing the economy without a looming threat of new inflation.

Business-industry bounced back with a 15.7% increase from prior year, due to multiple sectors experiencing growth. General consumer goods, adversely impacted statewide due to economic issues and high credit card balances, pushed forward with gains from new business openings.

Autos-transportation, including supply stores, felt the negative ongoing impact of high pricing and financing costs on consumers. Building-construction experienced a decline as plumbing/electrical and building as home improvement projects waned.

Transaction and Use Tax Measure SF combined to generate 72.7% of the Bradley Burns amount, led by the strongest percentage growth from general consumer goods.

Net of aberrations, taxable sales for all of Los Angeles County declined 0.4% over the comparable time period; the Southern California region was down 0.5%.



TOP 25 PRODUCERS

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
JL Shepherd & Associates
Maclay Shell & Circle K
McDonald's

Nachos Ornamental Supply
Pool & Electrical Products
Revchem Composites
Rydell Chrysler Dodge Jeep Ram
Smart & Final
Smart Main Panel
T Mobile
Target
Truman Fuel
Vallarta Supermarket
WSS



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it’s only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men’s and women’s apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper’s preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

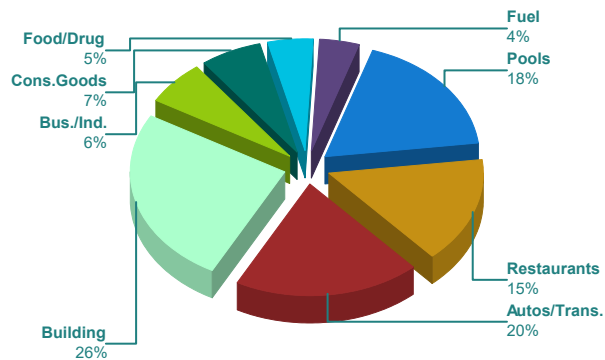
Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted - state law increasing California’s minimum wage at designated eateries - third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

REVENUE BY BUSINESS GROUP San Fernando This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

San Fernando Business Type	Q2 '24*	Change	County Change	HdL State Change
Quick-Service Restaurants	153.4	1.4% ↑	0.4% ↑	1.2% ↑
Contractors	83.2	14.8% ↑	1.0% ↑	-0.2% ↓
Casual Dining	79.7	3.2% ↑	0.4% ↑	0.8% ↑
Service Stations	70.2	8.9% ↑	1.7% ↑	2.3% ↑
Auto Lease	44.0	-2.4% ↓	5.3% ↑	8.5% ↑
Grocery Stores	43.4	0.6% ↑	3.8% ↑	1.6% ↑
Fast-Casual Restaurants	34.2	1.8% ↑	1.2% ↑	3.2% ↑
Automotive Supply Stores	29.1	-4.0% ↓	-4.0% ↓	-3.3% ↓
Electronics/Appliance Stores	28.8	-9.0% ↓	-8.7% ↓	-10.2% ↓
Heavy Industrial	26.2	33.0% ↑	-0.7% ↓	-0.6% ↓

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*In thousands of dollars