

# CITY OF SAN FERNANDO

## SALES TAX UPDATE

### 4Q 2023 (OCTOBER - DECEMBER)



#### SAN FERNANDO

TOTAL: \$ 1,663,004

-4.9%

4Q2023



-2.6%

COUNTY



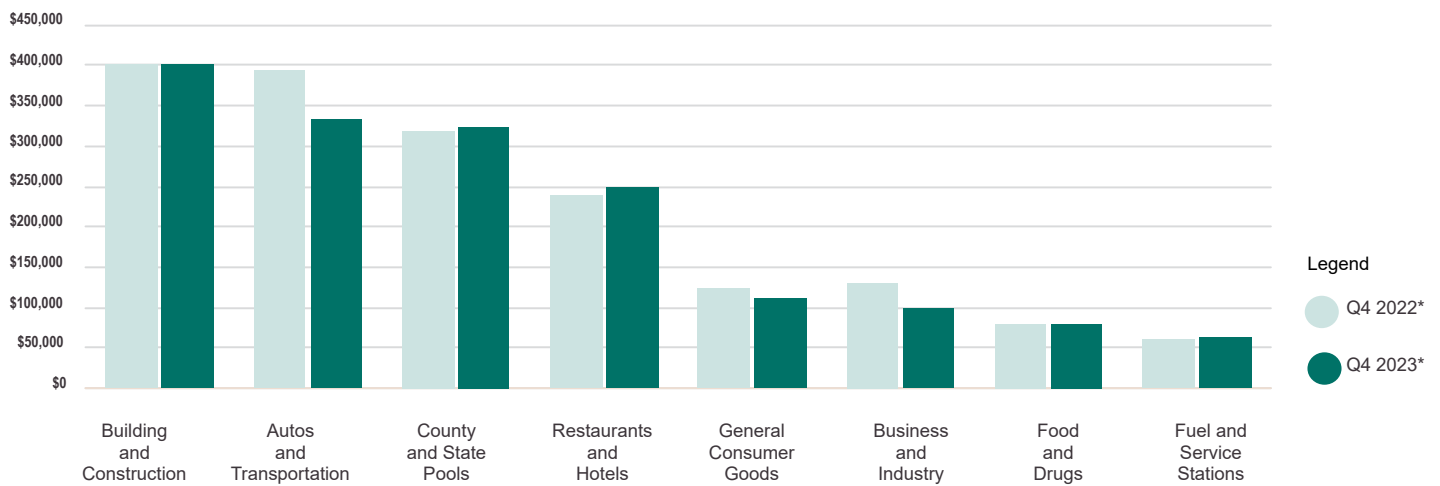
-2.5%

STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure SF

TOTAL: \$1,214,051



-6.6%



#### CITY OF SAN FERNANDO HIGHLIGHTS

San Fernando's receipts from October through December were 4.2% below the fourth sales period in 2022. Excluding reporting aberrations, actual sales were down 4.9%.

Shoppers spent less on retail activity remaining cautious with shrinking savings and for some, resumption of student loan repayments. Spending on autos-transportation suffered another double-digit decline also impacted by a business closure within the group.

The business-industrial group saw dismal returns from light industrial printers, heavy industrial vendors and other segments that may be temporarily depressed by the various strikes in Hollywood that ended in November.

Whether it was eating out at a sit-down restaurant or the convenience of a quick

service option, patrons boosted receipts even with rising menu prices. A recent industry survey notes that customers may be opting for more budget friendly options. Service station sales grew with pump prices varying dramatically during the quarter. Oil prices have been volatile again in the current geopolitical environment. The countywide use-tax pool gained with some limited term energy investments and some holiday transactions from multiple general merchandise businesses.

Measure SF posted lower results as fuel sales dropped and residents acquired fewer new/used vehicles.

Net of aberrations, taxable sales for all of Los Angeles County declined 2.6% over the comparable time period; the Southern California region was down 2.0%.



#### TOP 25 PRODUCERS

Ally Financial  
Arco  
Arroyo Building Materials  
Casco  
CCAP Auto Lease  
CVS Pharmacy  
El Pollo Loco  
El Super  
Enterprise Rent A Car  
Ganas Auto  
Goodman Distribution  
Home Depot  
IHOP  
Maclay Shell & Circle K  
McDonald's

Nachos Ornamental Supply  
Pool & Electrical Products  
Rydell 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 during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women’s apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

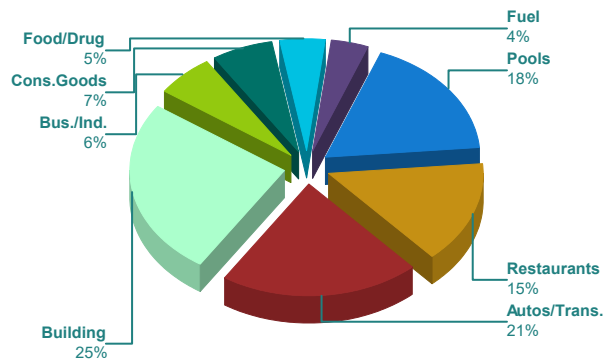
Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for ‘fast food restaurants’, on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady,

pool collections contracted more taxes allocated directly to local agencies via in-state fulfillment and through existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.

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



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

San Fernando Business Type	Q4 '23*	Change	County Change	HdL State Change
Quick-Service Restaurants	147.4	0.9% ↑	-0.4% ↓	0.3% ↑
Casual Dining	68.0	2.0% ↑	2.5% ↑	1.8% ↑
Service Stations	63.0	4.3% ↑	-6.4% ↓	-4.9% ↓
Contractors	57.7	-10.0% ↓	3.8% ↑	1.4% ↑
Auto Lease	46.5	10.2% ↑	1.1% ↑	4.4% ↑
Grocery Stores	45.9	4.6% ↑	-2.5% ↓	-4.6% ↓
Electronics/Appliance Stores	33.1	11.1% ↑	-9.4% ↓	-7.7% ↓
Fast-Casual Restaurants	30.2	14.3% ↑	0.0% ↓	1.6% ↑
Automotive Supply Stores	28.9	-9.4% ↓	-3.2% ↓	-2.3% ↓
Drugs/Chemicals	19.0	10.5% ↑	14.4% ↑	-0.2% ↓

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\*In thousands of dollars