

# CITY OF SAN FERNANDO

## SALES TAX UPDATE

### 3Q 2024 (JULY - SEPTEMBER)



#### SAN FERNANDO

TOTAL: \$ 1,708,783

-2.3%

3Q2024



-2.7%

COUNTY



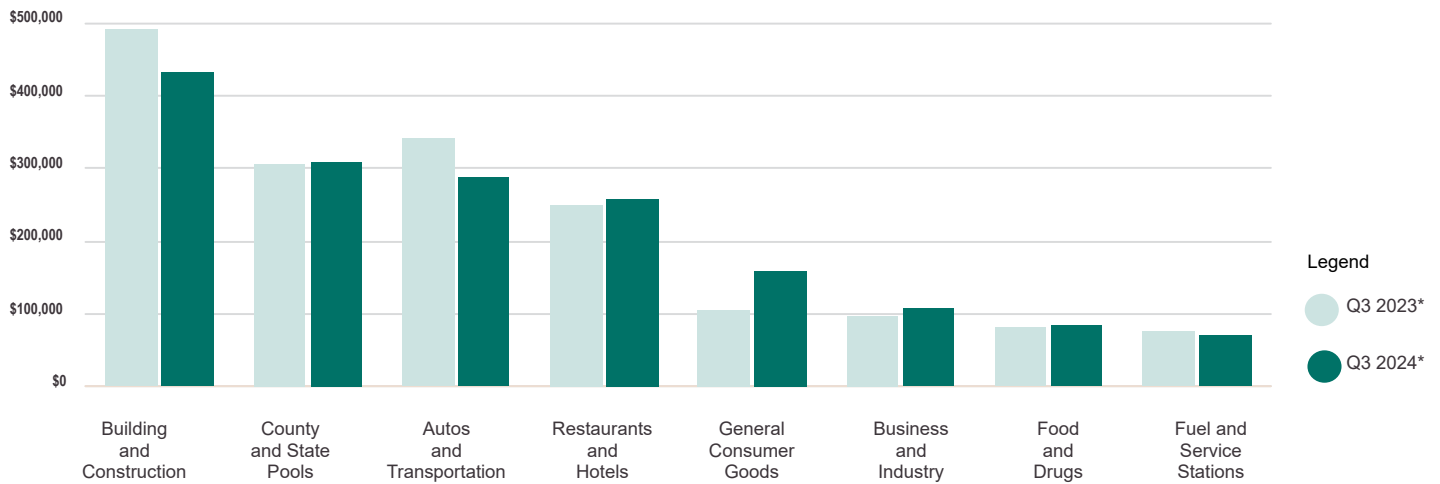
-2.3%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure SF

TOTAL: \$1,233,009

↓ -2.7%



#### CITY OF SAN FERNANDO HIGHLIGHTS

San Fernando's receipts from July through September were 8.2% below the third sales period in 2023. Excluding reporting aberrations, actual sales were down 2.3%.

Multiple groups posted lower returns as consumers and businesses continued to deal with tight credit conditions in a higher interest rate environment. The Federal Reserve has begun cutting its benchmark rate to ease borrowing costs affecting mortgages, car loans and credit cards.

Building-construction returns slumped as homeowners have paused large improvement projects, focusing more on repairs. Consumers put the brakes on automotive needs for the eighth consecutive quarter. Service station sales slipped with the declining price of

crude oil and lower consumer demand. Anticipated higher prices per gallon typically associated with the summer travel season did not materialize.

Retail sales offered positive news with the addition of a popular store to the tax base, as well as people seeing value at local variety stores. The restaurant group gained nominally with the recent enactment of the new minimum wage law lifting menu prices even higher.

Measure SF posted similar lower results from new car dealers, service stations, building materials, and contractors.

Net of aberrations, taxable sales for all of Los Angeles County declined 2.7% over the comparable time period; the Southern California region was down 2.3%.



#### 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

Legacy Effects

Maclay Shell & Circle K

McDonald's

Nachos Ornamental Supply

One Step GPS

Pool & Electrical Products

Rydell Chrysler Dodge Jeep Ram

Smart & Final

T L Shield & Associates Inc

T Mobile

Target

Truman Fuel

Vallarta Supermarket

WSS



## STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

Brick-and-mortar general consumer retailers pulled back 3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

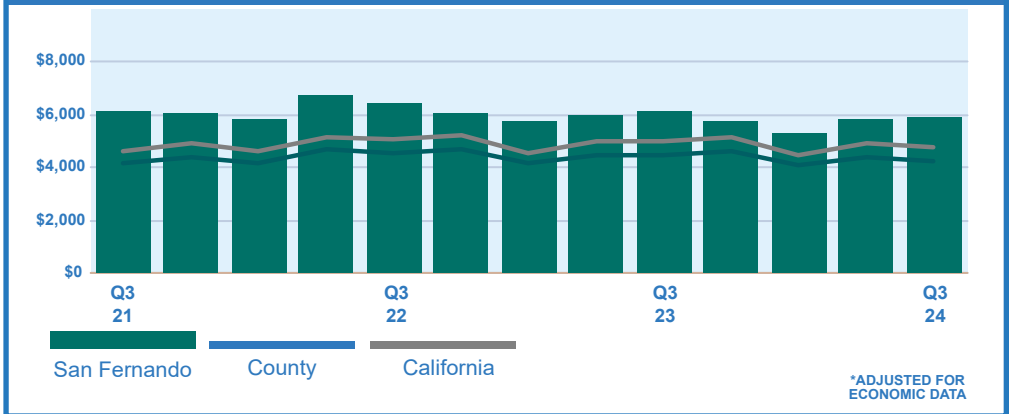
Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments – consistent with spending trends in other sectors. State

mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren’t considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.

### SALES PER CAPITA\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

San Fernando Business Type	Q3 '24*	Change	County Change	HdL State Change
Quick-Service Restaurants	151.4	0.4% ↑	0.5% ↑	1.0% ↑
Contractors	73.3	-2.9% ↓	0.7% ↑	-1.8% ↓
Service Stations	70.3	-5.8% ↓	-13.2% ↓	-12.8% ↓
Casual Dining	69.8	7.0% ↑	1.0% ↑	1.1% ↑
Grocery Stores	50.0	4.3% ↑	3.2% ↑	1.4% ↑
Auto Lease	39.8	-9.3% ↓	14.0% ↑	11.2% ↑
Fast-Casual Restaurants	34.4	3.1% ↑	0.9% ↑	1.9% ↑
Automotive Supply Stores	28.5	-7.8% ↓	-1.1% ↓	-0.7% ↓
Electronics/Appliance Stores	25.8	-6.5% ↓	-4.0% ↓	-5.1% ↓
Auto Repair Shops	20.7	3.7% ↑	-5.8% ↓	-2.6% ↓

\*Allocation aberrations have been adjusted to reflect sales activity

\*In thousands of dollars