

CITY OF SEAL BEACH

SALES TAX UPDATE

4Q 2023 (OCTOBER - DECEMBER)



SEAL BEACH

TOTAL: \$ 1,274,856

-0.8%

4Q2023



-2.7%

COUNTY



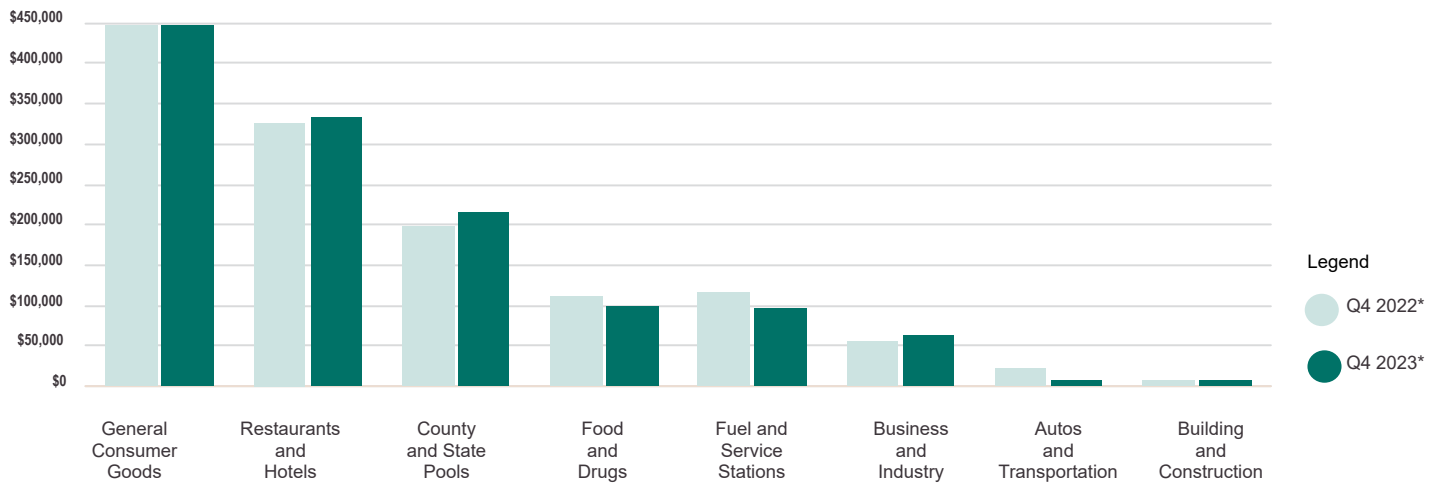
-2.5%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure BB

TOTAL: \$1,703,237

↓ -2.2%



CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from October through December were 3.5% above the fourth sales period in 2022. Excluding reported aberrations, actual sales were down 0.8%.

Revenue from food-drugs is down as consumers are spending less choosing bargain items over more expensive brand names.

Lower prices at the pump are responsible for reduced receipts from fuel-service stations.

An ongoing accounting error has temporarily reduced receipts from the auto-transportation group.

An ongoing interest in dining out resulted

in increased totals from restaurants-hotels.

Revenue from both general consumers goods and building-construction have remained flat.

The business-industry sector reported a strong sales quarter in the fourth quarter of 2023.

The City's share of the countywide use tax pool increased 8.8% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Orange County declined 2.7% over the comparable time period; the Southern California region was down 2.0%.



TOP 25 PRODUCERS

- | | |
|--------------------------|------------------------|
| 76 | Old Ranch Country Club |
| Boeing | Pavilions |
| Burlington | Petsmart |
| Chevron | Ralphs |
| Chick Fil A | Roger Dunn Golf Shops |
| Crate Barrel | Spaghettini |
| CVS Pharmacy | Staples |
| Hoffs Hut | Target |
| Home Goods | Ulta Beauty |
| In N Out Burger | Walts Wharf |
| Islands | |
| Kobe Japanese Steakhouse | |
| Kohls | |
| Marshalls | |
| Mobil | |



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.

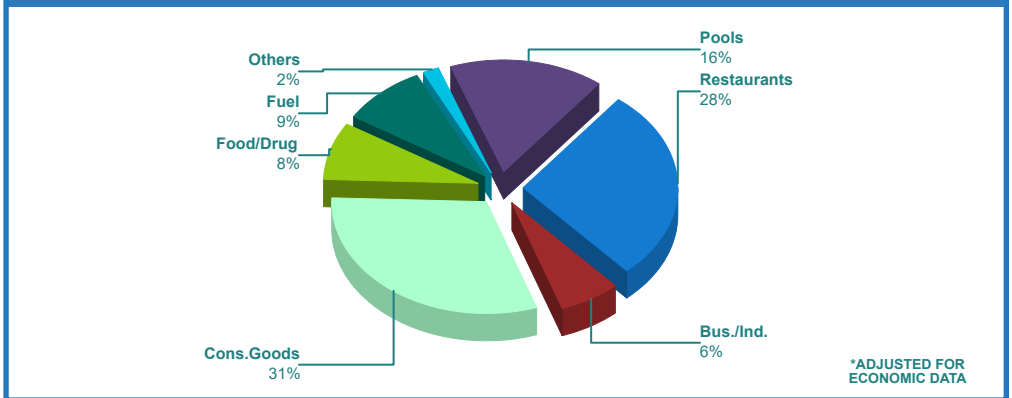
Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining 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 Seal Beach This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q4 '23*	Change	County Change	HdL State Change
Casual Dining	175.8	4.1% ↑	1.8% ↑	1.8% ↑
Service Stations	95.5	-8.6% ↓	-3.7% ↓	-4.9% ↓
Quick-Service Restaurants	74.9	2.2% ↑	2.5% ↑	0.4% ↑
Family Apparel	73.4	0.8% ↑	-5.8% ↓	-0.4% ↓
Home Furnishings	56.6	19.7% ↑	-10.3% ↓	-10.1% ↓
Specialty Stores	42.3	10.1% ↑	1.1% ↑	-2.2% ↓
Sporting Goods/Bike Stores	32.3	-8.4% ↓	-4.3% ↓	-7.2% ↓
Women's Apparel	30.9	8.8% ↑	-7.2% ↓	-6.2% ↓
Fast-Casual Restaurants	29.2	-3.8% ↓	1.0% ↑	1.6% ↑
Electronics/Appliance Stores	17.5	-16.9% ↓	-10.9% ↓	-7.7% ↓

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