

CITY OF SEAL BEACH

SALES TAX UPDATE

3Q 2024 (JULY - SEPTEMBER)



SEAL BEACH

TOTAL: \$ 1,140,615

-4.6%

3Q2024



-2.3%

COUNTY



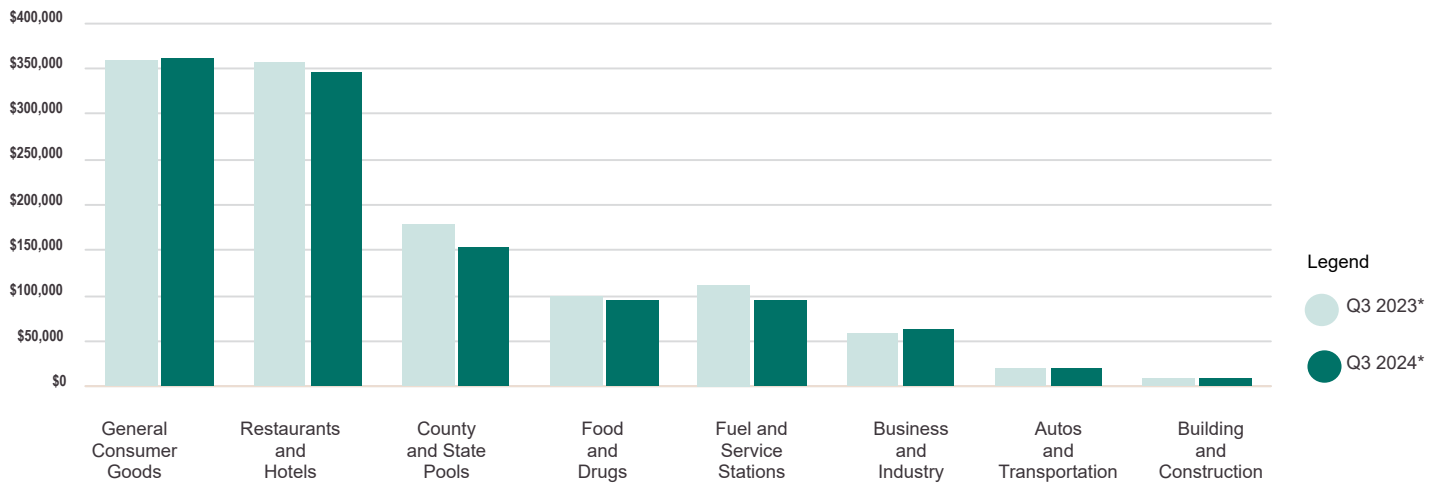
-2.3%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure BB

TOTAL: \$1,574,001

↓ -1.6%



CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's gross receipts from July – September 2024 were 21% below the third sales period in 2023. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were down 4.6%. Results varied by tax group.

While most general retail categories trended down (similar to statewide trends), a new home furnishing business in town boosted the overall results. The business-industrial group transactions improved due to some one-time allocations; and the comparative autos-transportation returns grew due to a low allocation a year ago. Building-construction purchases also edged higher.

Conversely, declines in casual and fast casual dining offset a slight gain in

quick service receipts, contributing to an overall 2.7% drop in restaurant-hotel revenues. The City's allocation from the countywide use-tax pool fell 14%, driven by a slight decrease in the City's pool share and waning third party auto sales.

The price of crude oil dropped during the period and directly affected fuel-service station receipts – with revenues sliding 15.4%.

Voter-approved Measure BB posted slightly better receipts, with the largest gains in general retail and building-construction.

Net of adjustments, taxable sales for all of Orange County declined 2.3% over the comparable time period; the Southern California region was down 2.3%.



TOP 25 PRODUCERS

- | | |
|------------------------------|------------------------|
| 76 | Mobil |
| Beach House At The River | Old Ranch Country Club |
| Boeing | Original Parts Group |
| Burlington | Pavilions |
| Chevron | Petsmart |
| Chick Fil A | Ralphs |
| Crate Barrel Outlet | Roger Dunn Golf Shops |
| CVS Pharmacy | Spghettini |
| Hofs Hut Restaurant & Bakery | Staples |
| Home Goods | Target |
| In N Out Burger | Ulta Beauty |
| Islands | |
| Kohls | |
| Marshalls | |

HdL Companies



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.

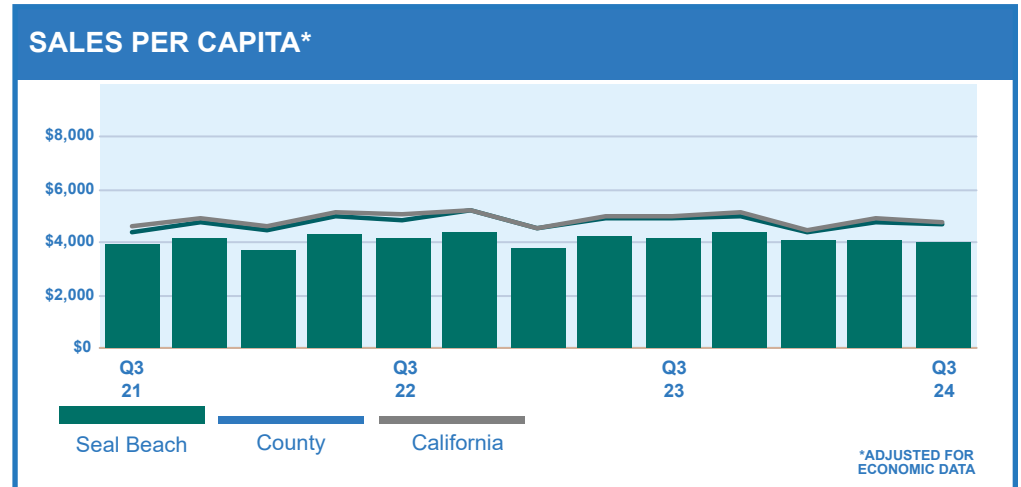
Brick-and-mortar general consumer retailers pulled back -3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce 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.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q3 '24	Change	County Change	HdL State Change
Casual Dining	189,030	-3.4% ↓	0.6% ↑	1.2% ↑
Service Stations	85,487	-20.0% ↓	-13.3% ↓	-12.8% ↓
Quick-Service Restaurants	82,829	1.6% ↑	2.0% ↑	1.0% ↑
Family Apparel	56,524	-1.7% ↓	1.2% ↑	-0.2% ↓
Home Furnishings	54,389	38.1% ↑	-2.6% ↓	-6.8% ↓
Sporting Goods/Bike Stores	33,867	-2.9% ↓	0.8% ↑	-4.3% ↓
Specialty Stores	32,530	-3.9% ↓	-1.2% ↓	-3.0% ↓
Fast-Casual Restaurants	28,771	-3.6% ↓	1.8% ↑	1.9% ↑
Women's Apparel	21,016	-15.2% ↓	-4.2% ↓	-5.9% ↓
Electronics/Appliance Stores	15,340	3.5% ↑	-8.5% ↓	-5.1% ↓

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