

# CITY OF GARDENA

## SALES TAX UPDATE

### 3Q 2023 (JULY - SEPTEMBER)



#### GARDENA

TOTAL: \$ 3,973,992

0.3%  
3Q2023



-2.5%  
COUNTY

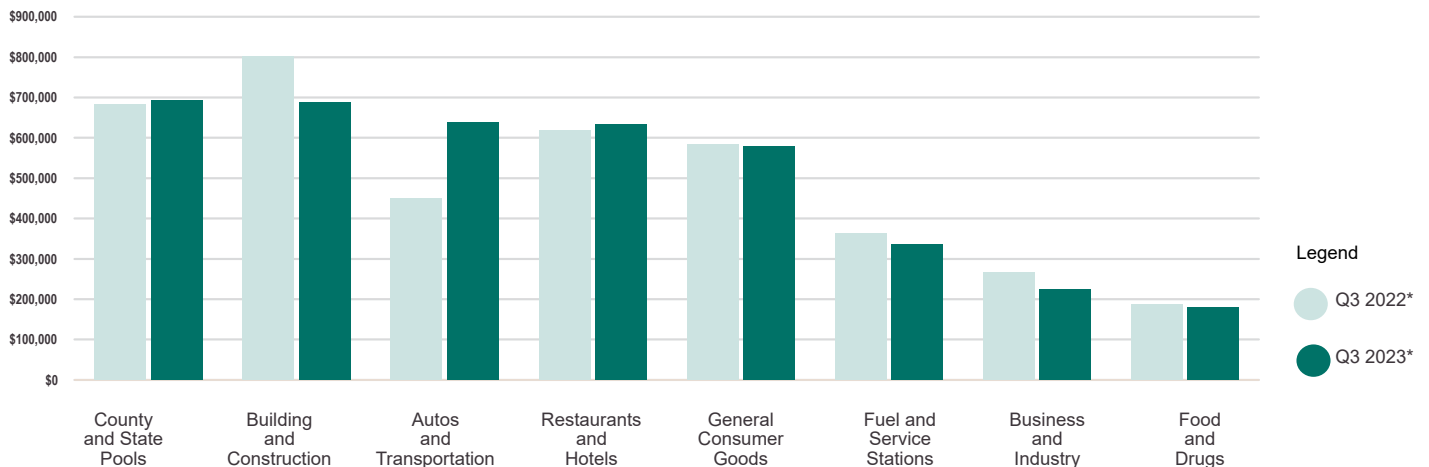


-1.7%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure G

TOTAL: \$3,021,567

↓ -0.5%



#### CITY OF GARDENA HIGHLIGHTS

Gardena's receipts from July through September were 1.6% below the third sales period in 2022. Excluding reporting aberrations, actual sales were up 0.3%.

Auto and transportation tax receipts surged, significantly outperforming the statewide trend. Most of the gain was due to a significant increase from a single business within the group.

The sale of plumbing and electrical supplies was also strong, boosted by the recent addition of a new vendor.

However, building material and contractor sales were hurt by the falling price of lumber and other basic supplies

after the inflationary spike experienced last year. Tax proceeds from gasoline stations fell for the same reason.

Measure G, Gardena's voter-approved district tax, slightly underperformed the Bradley-Burns results previously discussed. As a destination-based tax that is allocated differently, it did not benefit from large the increase noted for the auto-transportation vendor.

Net of aberrations, taxable sales for all of Los Angeles County declined 2.5% over the comparable time period; the Southern California region was down 1.5%.



#### TOP 25 PRODUCERS

- |                                    |                     |
|------------------------------------|---------------------|
| 76                                 | Marukai Market      |
| A&A Chevron                        | McDonald's          |
| Albertsons                         | Nissan of Gardena   |
| Arco AM PM                         | Raising Cane's      |
| Beacon Roofing Supply              | Ralphs              |
| Chick Fil A                        | Sam's Club w/ Fuel  |
| Crenshaw Lumber Co                 | Smardan Hatcher Co. |
| Crenshaw Wholesale Electric Supply | Target              |
| CVS Pharmacy                       | Valero              |
| Enterprise Rent A Car              | Vons Fuel           |
| G & C Equipment Finders Corp       | Wood Oil Company    |
| Gardena Honda                      |                     |
| Honda Lease Trust                  |                     |
| In N Out Burger                    |                     |



## STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

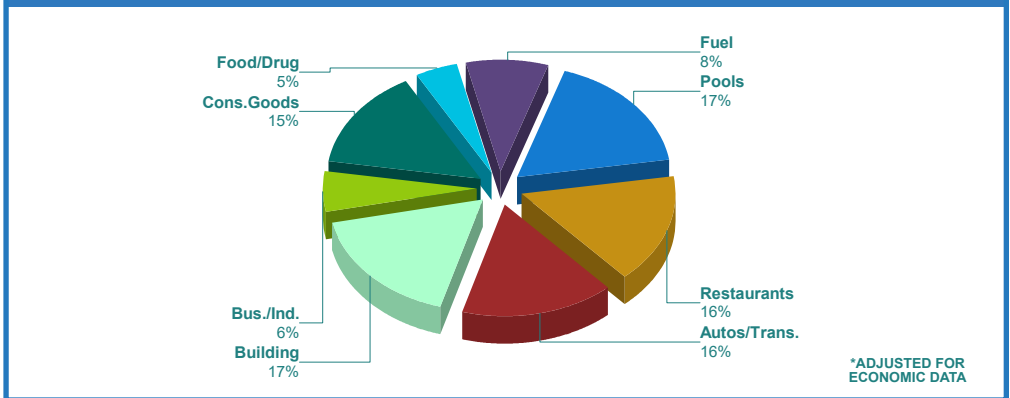
Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingered consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

### REVENUE BY BUSINESS GROUP Gardena This Quarter\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Gardena Business Type	Q3 '23*	Change	County Change	HdL State Change
Quick-Service Restaurants	292.3	4.9% ↑	1.6% ↑	2.7% ↑
Service Stations	282.4	-8.1% ↓	-8.2% ↓	-7.3% ↓
Casual Dining	253.9	1.4% ↑	3.3% ↑	2.8% ↑
Grocery Stores	113.6	1.0% ↑	2.7% ↑	2.3% ↑
Plumbing/Electrical Supplies	89.5	27.6% ↑	-4.1% ↓	-3.8% ↓
Fast-Casual Restaurants	68.8	-4.1% ↓	2.5% ↑	3.4% ↑
Auto Repair Shops	68.0	5.1% ↑	-3.5% ↓	-1.0% ↓
Contractors	50.3	-40.9% ↓	-4.4% ↓	-1.1% ↓
Automotive Supply Stores	47.3	-11.0% ↓	0.9% ↑	2.1% ↑
Light Industrial/Printers	47.2	-27.9% ↓	-10.0% ↓	-8.8% ↓

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