

CITY OF GARDENA

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



GARDENA

TOTAL: \$ 4,028,981

-0.8%

2Q2024



-0.5%

COUNTY



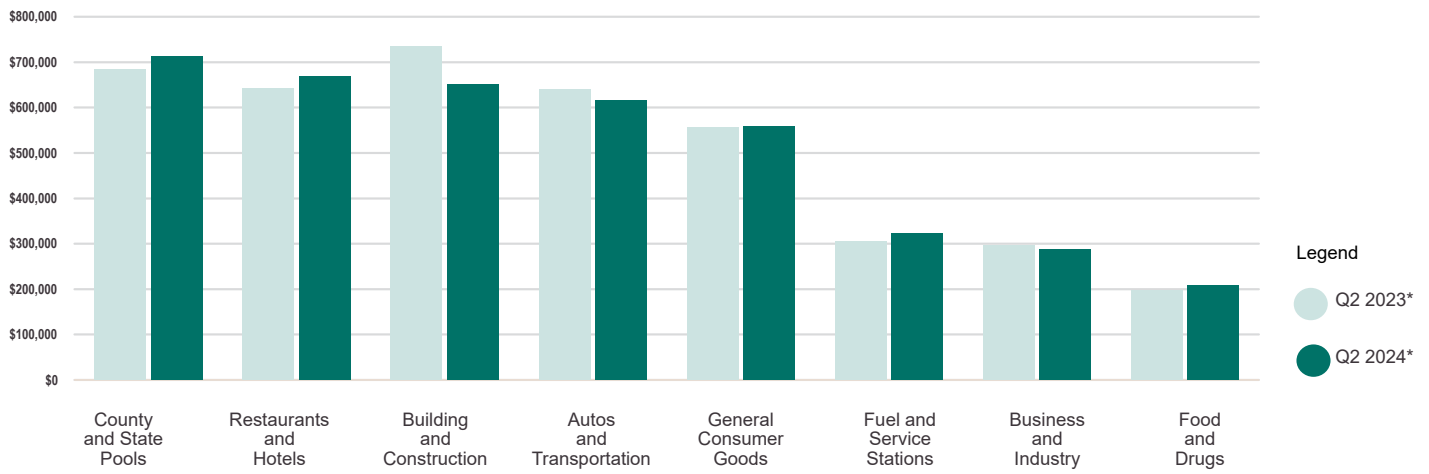
-0.6%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure G

TOTAL: \$3,182,600

↑ 6.2%



CITY OF GARDENA HIGHLIGHTS

Gardena's receipts from April through June were 3.6% lower than the same sales period in 2023, though this drop was exaggerated by delayed payments from local gasoline stations. Excluding these delays and other reporting anomalies, actual sales were down by 0.8%.

Sales from local building and construction suppliers declined, reflecting the normalization of input prices compared to last year, amid shifts in the housing and development markets.

Tax receipts from auto and transportation vendors also decreased, as tight credit conditions and challenging market factors contributed to a difficult quarter.

On the positive side, the opening of a popular new casual dining eatery boosted restaurant returns this quarter. Allocations from the countywide use-tax pool were also strengthened by robust business-industrial activity across Los Angeles County.

Measure G outperformed the Bradley-Burns results discussed earlier, although a taxpayer error appears to have artificially inflated this outcome.

Adjusting for anomalies, taxable sales for all of Los Angeles County fell by 0.5% over the same period, and the Southern California region also saw a 0.5% decline.



TOP 25 PRODUCERS

76	Lab Fabrication
A&A Chevron	Marukai Market
Arco AM PM	McDonald's
Beacon Roofing Supply	Nissan of Gardena
Chick Fil A	Raising Cane's
Crenshaw Lumber Co	Ralphs
Crenshaw Wholesale Electric Supply	Sam's Club w/ Fuel
Enterprise Rent A Car	Smardan Hatcher Co.
Food 4 Less	Target
G & C Equipment	Vons Fuel
Finders Corp	Wood Oil Company
Gardena Honda	
Honda Lease Trust	
In N Out Burger	
Julien's Auctions	



STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it's only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men's and women's apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper's preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

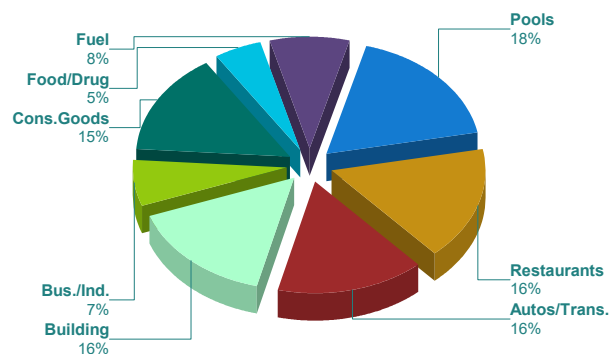
Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted - state law increasing California's minimum wage at designated eateries - third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

REVENUE BY BUSINESS GROUP Gardena This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Gardena Business Type	Q2 '24*	Change	County Change	HdL State Change
Quick-Service Restaurants	307.1	5.8% ↑	0.4% ↑	1.2% ↑
Casual Dining	271.2	4.4% ↑	0.4% ↑	0.8% ↑
Service Stations	267.0	4.0% ↑	1.7% ↑	2.3% ↑
Grocery Stores	138.7	9.4% ↑	3.8% ↑	1.6% ↑
Plumbing/Electrical Supplies	80.2	-6.5% ↓	-1.7% ↓	-5.1% ↓
Transportation/Rentals	77.5	-2.7% ↓	-5.7% ↓	-5.0% ↓
Fast-Casual Restaurants	73.1	-1.1% ↓	1.2% ↑	3.2% ↑
Auto Repair Shops	63.1	-12.7% ↓	-5.7% ↓	-4.0% ↓
Contractors	57.6	-20.6% ↓	1.0% ↑	-0.2% ↓
Heavy Industrial	51.8	6.2% ↑	-0.7% ↓	-0.6% ↓

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*In thousands of dollars