

CITY OF SANTA MONICA

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



SANTA MONICA

TOTAL: \$ 9,472,634

-2.2%

1Q2023



-1.6%

COUNTY



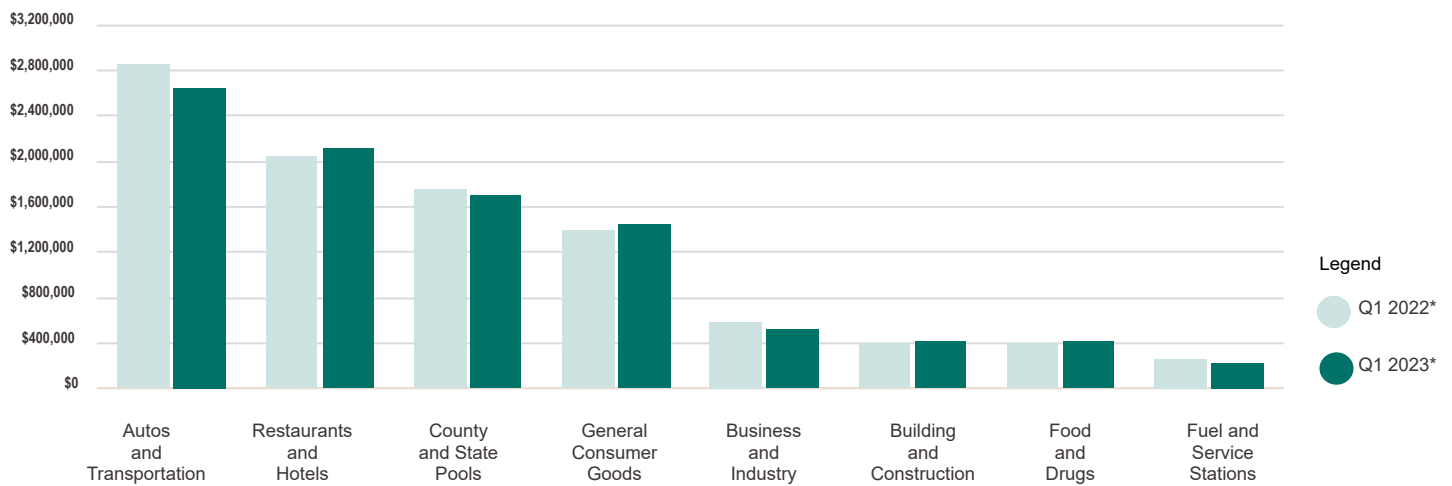
-1.1%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



TUT GSH

TOTAL: \$8,467,634

↓ -0.6%



CITY OF SANTA MONICA HIGHLIGHTS

Santa Monica's receipts from January through March were 0.2% below the first sales period in 2022. Excluding reporting aberrations, actual sales were down 2.2%.

The effects of inflation on various taxable goods pricing materialized this quarter. Buyers paid less for the cost of new vehicles as financing costs escalated these past months; new dealerships sales fell 8%. Related, auto leasing declined 14%.

Analysis confirmed falling pump prices caused a fuel-service station's 12% decrease. Weakened demand for office and medical/biotech supplies drove business-industry downward 11%.

Cautious shoppers scaled back discretionary purchases on apparel, sports goods/bikes; however, general consumer goods rose 4% overall as audit recoveries boosted the home furnishings segment tax base.

Positive areas remitting bigger filings included plumbing/electrical supplies, quick service restaurants, hotels, and grocery stores.

The City's district tax dipped slightly; eating out and building related gains were offset by reductions in auto, general retail, and gasoline sellers.

Net of aberrations, taxable sales for all of the Southern California region were down 0.9%.



TOP 25 PRODUCERS

- Apple
- Audi Leasing Bentley Leasing
- Avocado Mattress
- Fairmont Miramar Hotel
- Ferguson Enterprises
- Genesis Santa Monica
- Honda Santa Monica
- Jaguar Santa Monica
- Land Rover Santa Monica
- JP Morgan Chase Bank
- Lexus Santa Monica
- Major Motor Cars
- Mercedes Benz Vehicle Trust
- Ring
- Santa Monica Audi
- Santa Monica BMW
- Santa Monica Ford Lincoln
- Shutters on the Beach
- Snyder Diamond
- Subaru Santa Monica
- Tesla Motors
- Toyota Lease Trust
- Toyota Santa Monica
- Volkswagen Santa Monica
- Water Grill/Pier Burger
- WI Simonson Mercedes



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

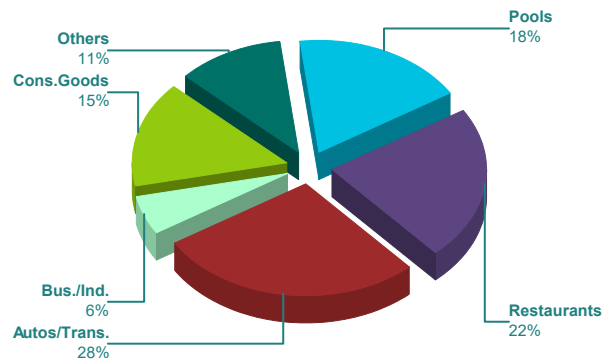
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

REVENUE BY BUSINESS GROUP
Santa Monica This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Santa Monica Business Type	Q1 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,961.4	-7.8% ↓	-4.2% ↓	0.8% ↑
Casual Dining	888.9	2.7% ↑	11.9% ↑	9.6% ↑
Auto Lease	414.9	-14.4% ↓	-9.4% ↓	-7.1% ↓
Fine Dining	389.5	-4.1% ↓	0.3% ↑	2.1% ↑
Hotels/Motels	307.9	6.2% ↑	29.9% ↑	32.3% ↑
Plumbing/Electrical Supplies	304.6	14.0% ↑	3.1% ↑	-4.3% ↓
Family Apparel	248.1	-2.7% ↓	3.0% ↑	2.3% ↑
Quick-Service Restaurants	235.6	14.0% ↑	5.8% ↑	5.1% ↑
Grocery Stores	234.2	6.9% ↑	6.3% ↑	5.4% ↑
Service Stations	216.6	-10.9% ↓	-10.0% ↓	-9.8% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars