

CITY OF SANTA MONICA

SALES TAX UPDATE

4Q 2024 (OCTOBER - DECEMBER)



SANTA MONICA

TOTAL: \$ 9,489,054

-2.4%

4Q2024



-2.8%

COUNTY



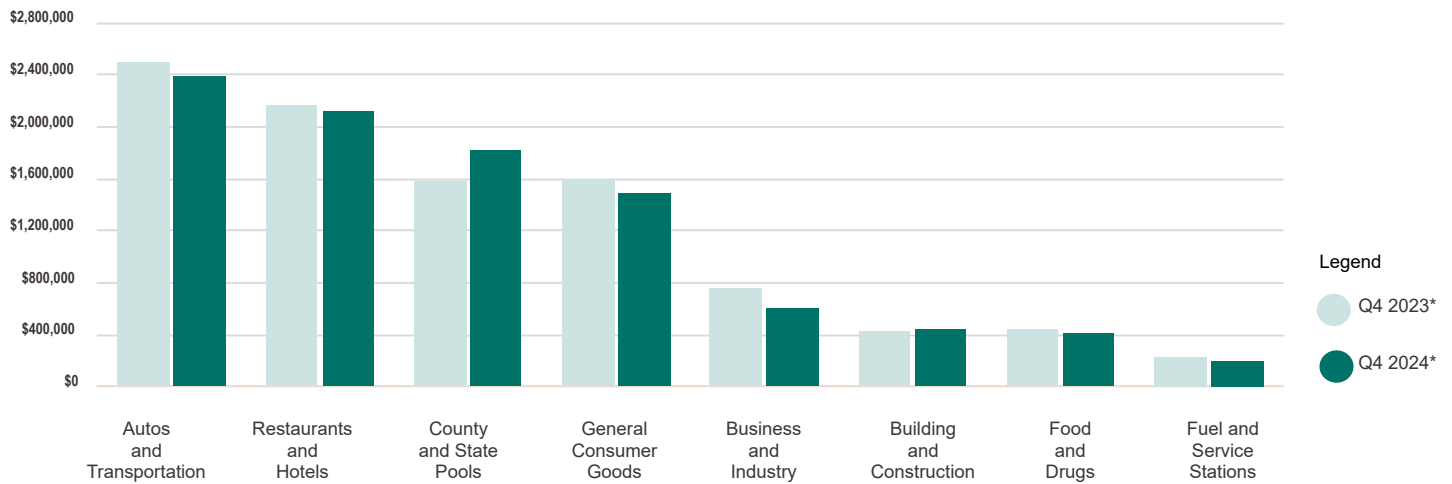
-1.1%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



TUT GSH

TOTAL: \$8,879,653

↓ -3.5%



CITY OF SANTA MONICA HIGHLIGHTS

Santa Monica's gross receipts from October - December 2024 were 13.2% above the fourth sales period in 2023. However, after adjusting for reporting, actual sales were down 2.4%.

A statewide tax return in autos-transportation produced dramatic payment reductions at multiple locations, including Santa Monica. Although leasing grew, and many dealerships enjoyed gains, autos-transportation netted down.

Consumers were cautious during the busy shopping months, spending less at family apparel and home furnishings stores. Growth in hotels/motels wasn't enough to offset losses in the casual and fine dining sectors.

Comparisons to one-time payments last year skewed business-industry results down. The price of crude oil fell during the period and negatively impacted fuel-service stations.

Positively, the City's allocation from the countywide use tax jumped. Sales at plumbing/electrical supply stores surged and lifted the building-construction group.

Santa Monica's voter-approved transactions and use tax posted similar results with retail and vehicle sales posting the largest declines for the period.

Net of adjustments, taxable sales for all of Los Angeles County declined 2.8% and the Southern California region was down 1.2%.



TOP 25 PRODUCERS

Apple	Santa Monica BMW
Audi Leasing Bentley Leasing	Santa Monica Ford Lincoln
Bezel	Santa Monica Proper
Fairmont Miramar Hotel	Shutters on the Beach
Fame House	Snyder Diamond
Ferguson Enterprises	Subaru Santa Monica
Genesis Santa Monica	Target
Honda Santa Monica	Toyota Lease Trust
Hyundai Santa Monica	Toyota Santa Monica
Jaguar Land Rover Santa Monica	Water Grill/Pier Burger
Kia Santa Monica	WI Simonson Mercedes
Lexus Santa Monica	
Mercedes Benz Vehicle Trust	
Santa Monica Audi	



STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of October through December were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating period of the year but exhibited diminished year-over-year returns as consumers struggled with tariff concerns and pulling back on discretionary spending.

For the past eight quarters - two calendar years - statewide results have declined; led mostly by autos-transportation and building-construction suppressed activity due to the sustained high interest rate environment. Specifically, this quarter, as new and used car returns pulled back, only leasing activity improved likely representing buyers willingness to wait for more advantageous economic conditions before committing to long term obligations. Furthermore, building-construction drops spanned multiple categories including building materials, plumbing/electrical and contractors as property owners delay repairs and improvements until they're more comfortable tapping available equity.

During this holiday shopping period, brick-and-mortar general retailers slumped 2.4%, further hindered by lower gas prices. Recent closures by merchants selling variety/ low priced items and weaker returns from department stores were most impactful. As consumers appeared more interested in value/discounted items vs higher priced/ luxury goods, overall statewide receipts revealed growth from online retailers by way of local returns through fulfillment centers and allocations via each county's use tax pool demonstrating a desire to spend, just more through different vendors which shifted local tax distributions.

Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

Revenue from restaurants sustained a modest gain of 1.3%, with only a waning from fine dining establishments - consistent with spending trends in other sectors. As eateries try and balance higher menu prices and demand, a 'return to office' call by businesses could inspire future increased foot traffic for many venues in metropolitan centers.

The fourth quarter also marks the end of the calendar year. As expected 2024 was 1.2% lower than 2023 with most sectors taking a hit. Only restaurants, business-industry and allocations via the county use tax pools improved.

With national tariff discussions happening at the federal level, consumers start 2025 wondering if higher priced goods and difficult decisions are on the horizon. Also, the Federal Reserve Board hasn't signified any relief by way of lower interest rates leaving only minimal growth expectations to come. The theme of the current economic outlook is uncertainty.

SALES TAX RATE BREAKDOWN

10.75%

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
Santa Monica TUT (SAMG)	1.0000%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
Los Angeles County Measure M (LAMA)	0.5000%
Los Angeles County Housing Measure A (HOUS)	0.5000%
Los Angeles County Measure R (LAMT)	0.5000%
Los Angeles County Measure A (LACT)	0.5000%
Los Angeles County Measure C (LATC)	0.5000%

Tax Rate Effective April 01, 2025
10.7500%

TOP NON-CONFIDENTIAL BUSINESS TYPES

Santa Monica Business Type	Q4 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,703.9	-9.6% ↓	-4.6% ↓	-2.3% ↓
Casual Dining	873.9	-4.3% ↓	0.6% ↑	1.9% ↑
Auto Lease	487.5	23.4% ↑	18.1% ↑	24.7% ↑
Hotels/Motels	334.8	3.4% ↑	0.5% ↑	2.3% ↑
Fine Dining	328.1	-12.2% ↓	-8.1% ↓	-5.1% ↓
Plumbing/Electrical Supplies	309.9	6.8% ↑	0.6% ↑	-0.6% ↓
Business Services	298.8	-13.4% ↓	-3.3% ↓	-1.5% ↓
Grocery Stores	249.7	-0.8% ↓	0.4% ↑	-0.9% ↓
Family Apparel	241.1	-14.6% ↓	0.9% ↑	1.3% ↑
Specialty Stores	232.2	3.9% ↑	0.4% ↑	-1.8% ↓

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