

CITY OF PLACERVILLE

SALES TAX UPDATE

4Q 2023 (OCTOBER - DECEMBER)



PLACERVILLE

TOTAL: \$ 1,691,232

-3.0%

4Q2023



-2.7%

COUNTY



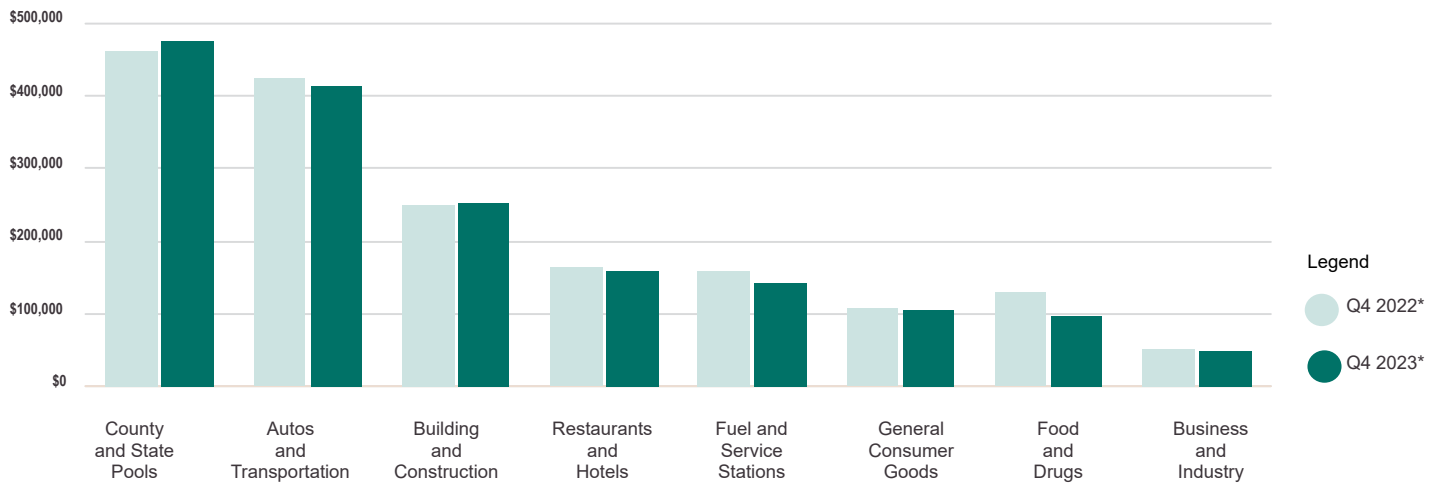
-2.5%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure J

TOTAL: \$369,755

↓ -9.4%

Measure H

TOTAL: \$369,750

↓ -9.4%

Measure L

TOTAL: \$739,468

↓ -9.4%



CITY OF PLACERVILLE HIGHLIGHTS

Placerville's receipts from October through December were 3.0% below the fourth sales period in 2022. Excluding reporting aberrations, actual sales were down 3.0%.

Consumer prices are still rising at a rate higher than the Fed's inflation target and nearly half of consumers consider inflation a major concern. The largest decline appears to be in the food-drugs category sector, but a taxpayer changed from previously filing yearly to reporting on a quarterly basis.

While fuel prices fluctuated during the quarter, service stations reported weaker returns. Global crude oil prices have been volatile again and modest growth is anticipated in 2024.

Modest gains from the building-construction group; industry reports noting more repair than large improvement projects. Mixed results in the automotive group with auto supply stores dragging down to negative territory.

Restaurant receipts diminished across casual dining and quick service outlets. Prices have remained high which may have influenced menu choices for patrons who dined out.

All transaction taxes declined with fewer vehicles purchased/registered by residents, lower retail sales and a drop in business activity.

Net of aberrations, taxable sales for the Sacramento region was down 3.3%.



TOP 25 PRODUCERS

- | | |
|-----------------------------|-----------------------------------|
| C & H Motor Parts | Raley's |
| Chuck's Cannabis Collective | Rancho Convenience Center |
| Diamond Pacific | Rite Aid |
| Ferguson Enterprises | Sacred Roots |
| Fuel 4 Less | Sierra Nevada Tire & Wheel |
| Grocery Outlet | Smoke Shop Of Placerville |
| Home Depot | Thompsons Buick GMC |
| In N Out Burger | Thompsons Chrysler Dodge Jeep Ram |
| Kwik Serv | Thompson's Toyota |
| Les Schwab Tire Center | Tractor Supply |
| Main Street Tap House | |
| Marathon | |
| McDonald's | |
| Mobil | |
| Placerville Valero | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women’s apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

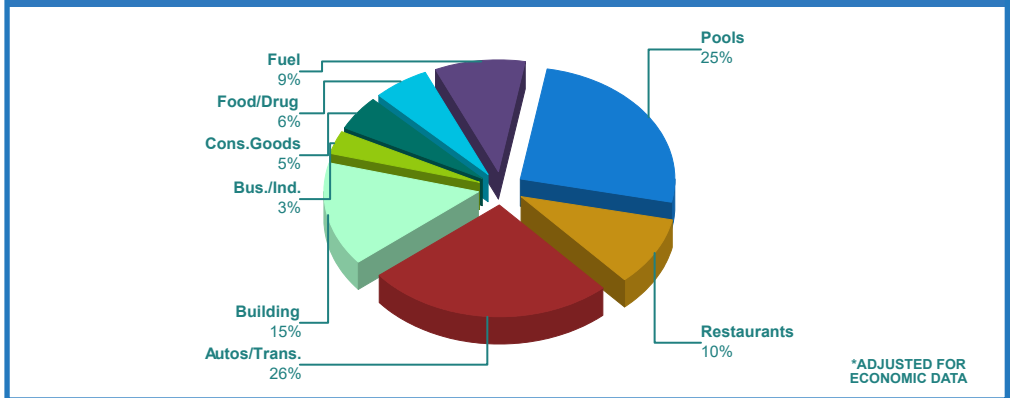
Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for ‘fast food restaurants’, on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady,

pool collections contracted more taxes allocated directly to local agencies via in-state fulfillment and through existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.

REVENUE BY BUSINESS GROUP Placerville This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Placerville Business Type	Q4 '23*	Change	County Change	HdL State Change
Service Stations	134.3	8.2% ↑	-4.5% ↓	-4.9% ↓
Casual Dining	87.8	-1.7% ↓	-0.6% ↓	1.8% ↑
Quick-Service Restaurants	60.5	-1.7% ↓	-1.3% ↓	0.3% ↑
Grocery Stores	45.2	3.2% ↑	-12.5% ↓	-4.6% ↓
Automotive Supply Stores	43.3	-34.4% ↓	-18.4% ↓	-2.4% ↓
Auto Repair Shops	19.9	9.4% ↑	-2.1% ↓	-3.0% ↓
Cigarette/Cigar Stores	19.1	5.1% ↑	-2.3% ↓	-9.6% ↓
Home Furnishings	12.7	7.3% ↑	-13.0% ↓	-10.1% ↓
Convenience Stores/Liquor	12.1	-4.6% ↓	-10.8% ↓	-7.7% ↓
Electronics/Appliance Stores	10.4	-8.3% ↓	8.4% ↑	-7.7% ↓

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