

# CITY OF HEALDSBURG

## SALES TAX UPDATE

### 1Q 2023 (JANUARY - MARCH)



#### HEALDSBURG

TOTAL: \$ 1,239,936

-4.5%

1Q2023



-2.6%

COUNTY



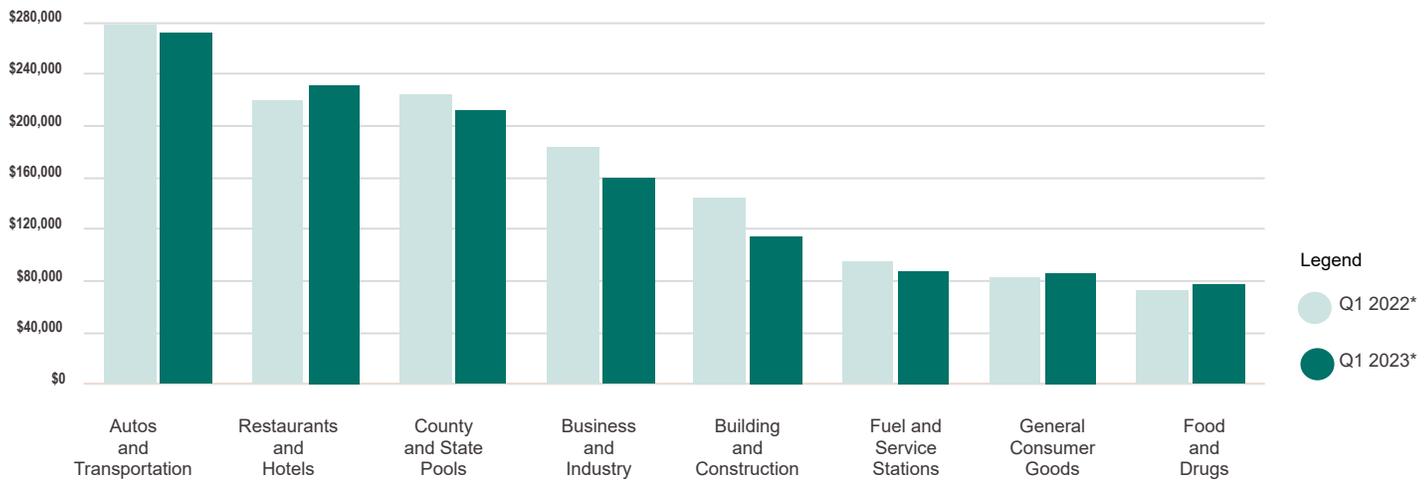
-1.1%

STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure V

TOTAL: \$632,831

↑ 0.1%



#### CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's receipts from January through March were 8.5% below the first sales period in 2022. Excluding reporting aberrations, actual sales were down 4.5%.

The autos-transportation group saw soft gross receipts from new car dealers. State and county pools, the City's third largest revenue classification, was negative posting a -5.5% return.

The business-industry sector experienced dismal collections as wineries and garden/agricultural supplies saw declining income. Building-construction proceeds were bleak as contractors saw less demand for their services. Likewise, falling fuel prices which peaked in 2022 have begun to

compress service station profits.

As patrons enjoy eating out, casual and fine dining restaurants continue to benefit from solid gross receipts. In addition, general consumer goods were positive at specialty and home furnishing stores. Furthermore, the food-drug segment had modest gains at grocery stores during this period.

Measure V, the City's voter approved transaction tax, was primarily flat only generating a meager 0.1% return.

Net of aberrations, taxable sales for all of Sonoma County declined 2.6% over the comparable time period; the Bay Area was up 1.2%.



#### TOP 25 PRODUCERS

Big Johns Market  
Bravas  
Carlsen & Associates  
Central Valley Builders Supply  
E & M Electric & Machinery  
Fast Lane Gas & Food  
Garrett Hardware & Plumbing  
Healdsburg Chevron & Carwash  
Healdsburg Gas Mart  
Healdsburg Lumber  
Jerrys Valero  
Matheson

McConnel Chevrolet  
Chrysler Dodge Jeep  
Montage Healdsburg  
Opperman & Son  
Pine Ridge Winery  
Rotten Robbie  
Safeway  
Sanderson Ford  
Silveira Buick/GMC  
Singlethread Farm  
Restaurant Inn  
Valette  
Wilbur Ellis  
Williamson Wines  
Willi's Seafood & Raw Bar



**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.

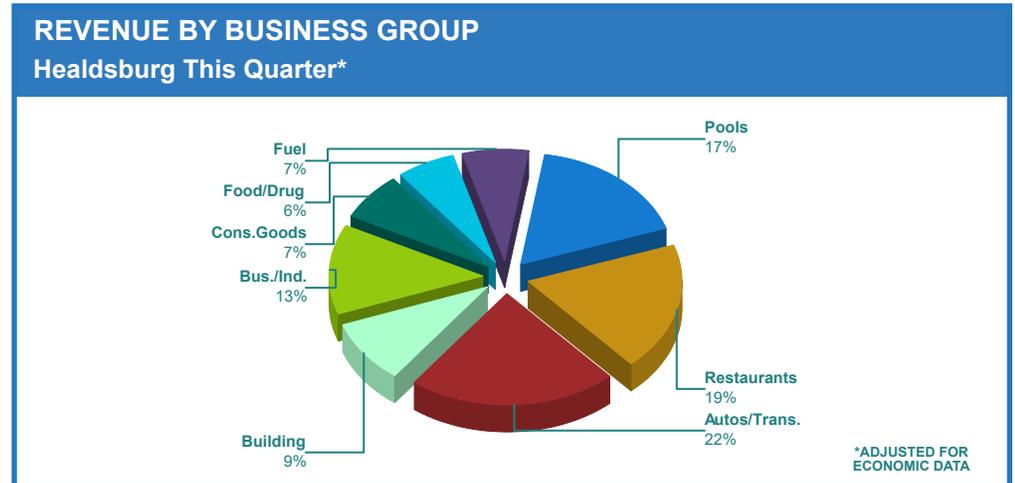
Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

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.



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Healdsburg Business Type	Q1 '23*	Change	County Change	HdL State Change
Building Materials	104.8	-13.2% ↓	-15.3% ↓	-9.8% ↓
Casual Dining	92.9	0.9% ↑	4.3% ↑	9.6% ↑
Service Stations	86.8	-8.5% ↓	-8.7% ↓	-9.8% ↓
Fine Dining	71.6	39.9% ↑	17.1% ↑	2.4% ↑
Wineries	67.8	-19.4% ↓	-7.0% ↓	-5.6% ↓
Grocery Stores	49.7	7.6% ↑	7.0% ↑	5.4% ↑
Hotels/Motels	41.4	-21.3% ↓	14.5% ↑	32.2% ↑
Food Service Equip./Supplies	25.0	1.9% ↑	-8.9% ↓	5.0% ↑
Quick-Service Restaurants	17.3	8.8% ↑	4.9% ↑	5.1% ↑
Automotive Supply Stores	16.9	8.5% ↑	3.8% ↑	5.4% ↑

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