

CITY OF HEALDSBURG

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



HEALDSBURG

TOTAL: \$ 1,558,565

-3.9%

4Q2022



2.0%

COUNTY



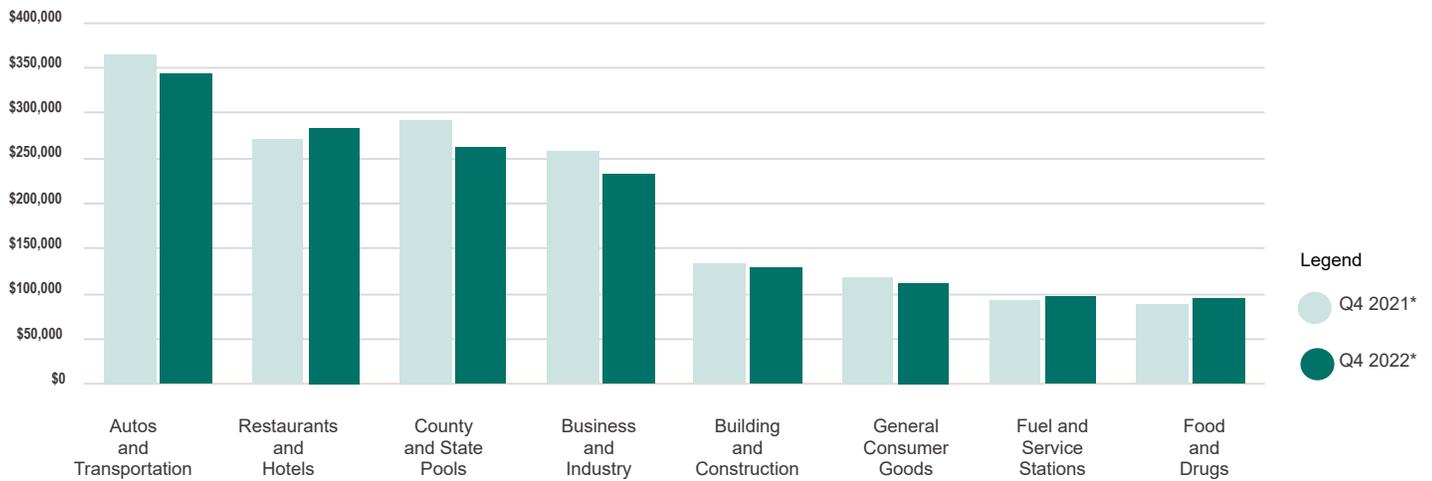
4.6%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure V

TOTAL: \$742,907

↑ 3.8%



CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's receipts from October through December were 7.9% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were down 3.9%.

The autos-transportation group experienced shrinking returns from new car dealers. State and county pools, the City's third largest revenue classification, was dismal posting -10.3% returns.

The business-industry category was adversely impacted as wineries and food service equipment/supply vendors struggled during this time. In addition, general consumer goods saw diminishing revenues from family apparel and specialty stores.

As people slowly return back to their workplace and travel, service stations continue to see optimistic profits while gas prices remain moderately high. Furthermore, interest in eating out has led to modest gains for the restaurant-hotels group from casual and fine dining establishments. The food-drug sector had strong revenues from grocery markets and drug stores this quarter.

Measure V, the City's voter approved transaction tax, experienced positive collections with returns of 3.8%.

Net of aberrations, taxable sales for all of Sonoma County grew 2.0% over the comparable time period; the Bay Area was up 5.5%.



TOP 25 PRODUCERS

- | | |
|------------------------------|----------------------------------|
| Barndiva | Opperman & Son |
| Big Johns Market | Penrose Hill |
| Bravas | Rotten Robbie |
| E & M Electric & Machinery | Safeway |
| Fast Lane Gas & Food | Sanderson Ford |
| Garrett Hardware & Plumbing | Silveira Buick/GMC |
| Healdsburg Chevron & Carwash | Silver Oak Cellars |
| Healdsburg Gas Mart | Singlethread Farm |
| Healdsburg Lumber | Restaurant Inn |
| Jerrys Valero | Valette |
| Matheson | Westtec Tank & Equipment Company |
| McConnel Chevrolet | Wilbur Ellis |
| Chrysler Dodge Jeep | Willi's Seafood & Raw Bar |
| Montage Healdsburg | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 4.7% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing it’s greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-

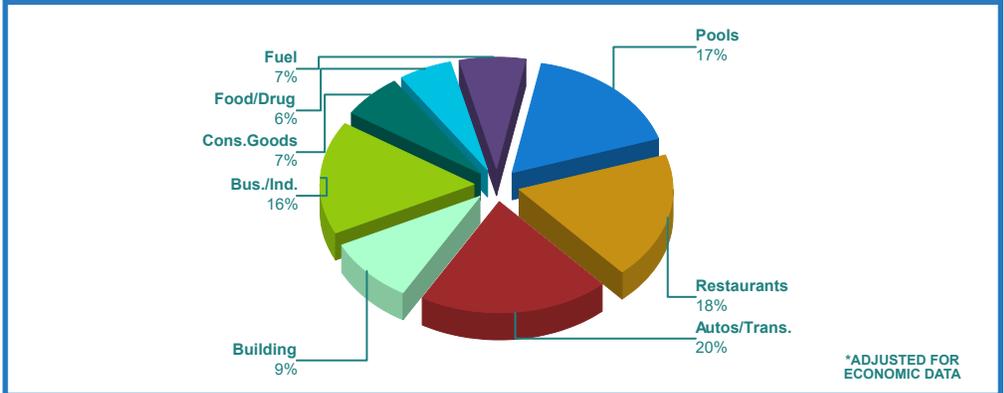
construction sector. With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency’s coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller’s payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California’s taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP
Healdsburg This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Healdsburg Business Type	Q4 '22*	Change	County Change	HdL State Change
Building Materials	121.6	14.1% ↑	3.7% ↑	2.1% ↑
Wineries	112.2	-11.9% ↓	-10.5% ↓	-3.2% ↓
Casual Dining	105.0	13.9% ↑	5.2% ↑	8.1% ↑
Service Stations	96.9	4.4% ↑	6.7% ↑	7.5% ↑
Fine Dining	85.3	13.9% ↑	1.8% ↑	3.2% ↑
Hotels/Motels	66.9	-13.8% ↓	9.0% ↑	30.2% ↑
Grocery Stores	61.7	5.1% ↑	6.2% ↑	6.2% ↑
Food Service Equip./Supplies	28.7	-28.0% ↓	3.9% ↑	2.7% ↑
Heavy Industrial	26.6	-18.0% ↓	24.2% ↑	7.3% ↑
Garden/Agricultural Supplies	21.9	17.7% ↑	-0.8% ↓	-5.6% ↓

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