

# CITY OF HEALDSBURG

## SALES TAX UPDATE

### 4Q 2023 (OCTOBER - DECEMBER)



**HEALDSBURG**  
TOTAL: \$ 1,473,547

-5.1%  
4Q2023



-2.9%  
COUNTY

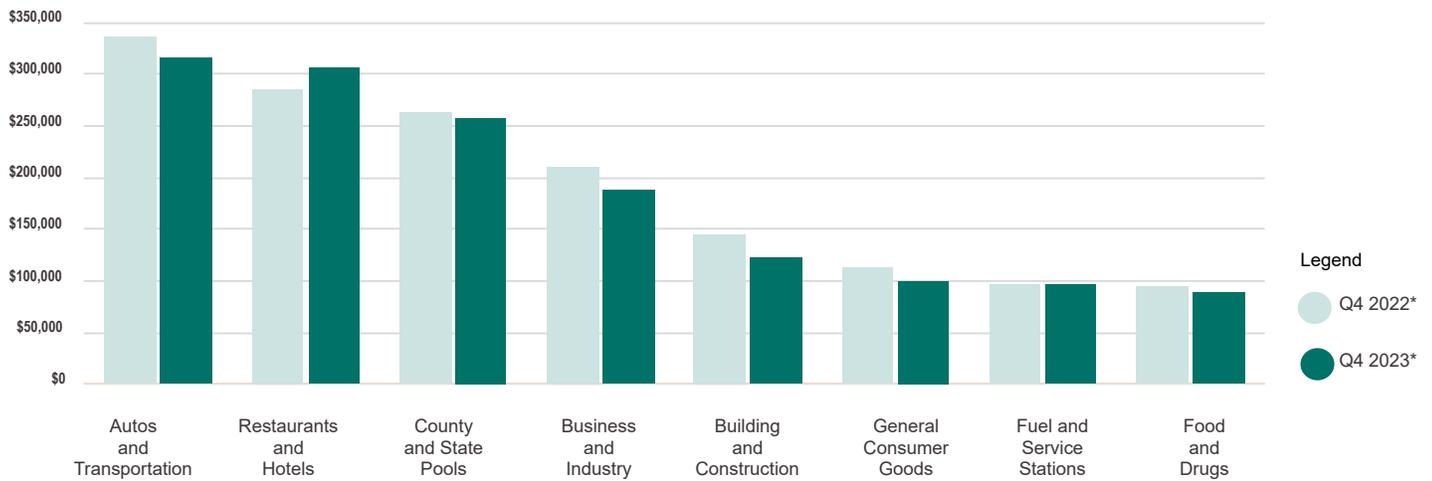


-2.5%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



**Measure V**  
TOTAL: \$702,969  
-6.5%



### CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's receipts from October through December were 7.5% below the fourth sales period in 2022. Excluding reporting aberrations, actual sales were down 5.1%.

The autos-transportation category overall experienced negative returns as buyers find it challenging to finance vehicles with high interest. State-county pools the City's third largest income classification was soft with a 2.5% drop.

The business-industry group had dismal earnings from wineries and food service-equipment supply vendors. Furthermore, building-construction revenues were weak, as building materials and contractors saw less demand for their services while homeowners and industrial developers

alike delayed making improvements to properties. General consumer goods growth slowed down at family apparel and home furnishing stores; consumers are becoming more cautious and frugal.

As patrons enjoy eating out at casual and fine dining establishments, these businesses continue to benefit from solid gross receipts.

Measure V, the voter approved transaction tax had negative collections with returns of -6.5%.

Net of aberrations, taxable sales for all of Sonoma County declined 2.9% over the comparable time period; the Bay Area was down 4.8%.



### TOP 25 PRODUCERS

- Barndiva
- Big Johns Market
- Bravas
- Coldflo Mechanical
- E & M Electric & Machinery
- Fast Lane Gas & Food
- Garrett Hardware & Plumbing
- H2 Hotel Spoon Bar
- Healdsburg Chevrolet
- Healdsburg Gas Mart
- Healdsburg Lumber
- Hotel Healdsburg
- Jerrys Valero
- Matheson
- Montage Healdsburg
- Opperman & Son
- Rotten Robbie
- Safeway
- Sanderson Ford
- Silveira Buick/GMC
- Silver Oak Cellars
- Singlethread Farm Restaurant Inn
- Valette
- Wilbur Ellis
- Willi's Seafood & Raw Bar



## 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.

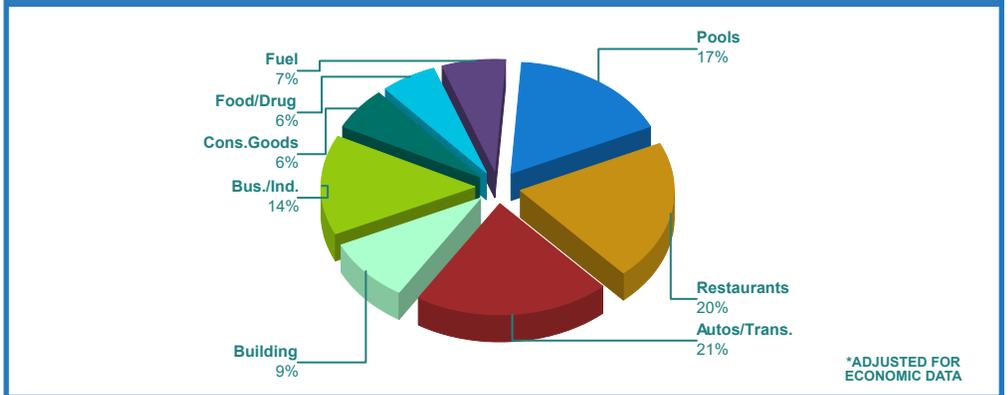
Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining 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 Healdsburg This Calendar Year\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Healdsburg Business Type	Q4 '23*	Change	County Change	HdL State Change
Casual Dining	113.3	6.6% ↑	3.0% ↑	1.8% ↑
Building Materials	105.7	-11.8% ↓	-4.8% ↓	-2.0% ↓
Service Stations	95.4	-1.6% ↓	-1.3% ↓	-4.9% ↓
Fine Dining	94.3	10.6% ↑	-0.6% ↓	-5.1% ↓
Wineries	78.1	-15.5% ↓	-4.4% ↓	-5.6% ↓
Hotels/Motels	70.5	5.4% ↑	-3.0% ↓	0.9% ↑
Grocery Stores	56.7	-8.1% ↓	-5.0% ↓	-4.6% ↓
Heavy Industrial	33.3	23.9% ↑	-4.8% ↓	-7.5% ↓
Food Service Equip./Supplies	20.9	-27.7% ↓	-19.7% ↓	-6.8% ↓
Quick-Service Restaurants	17.9	-1.5% ↓	3.2% ↑	0.3% ↑

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