

CITY OF HEALDSBURG

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



HEALDSBURG

TOTAL: \$ 1,646,535

-3.4%
2Q2023



-2.4%
COUNTY

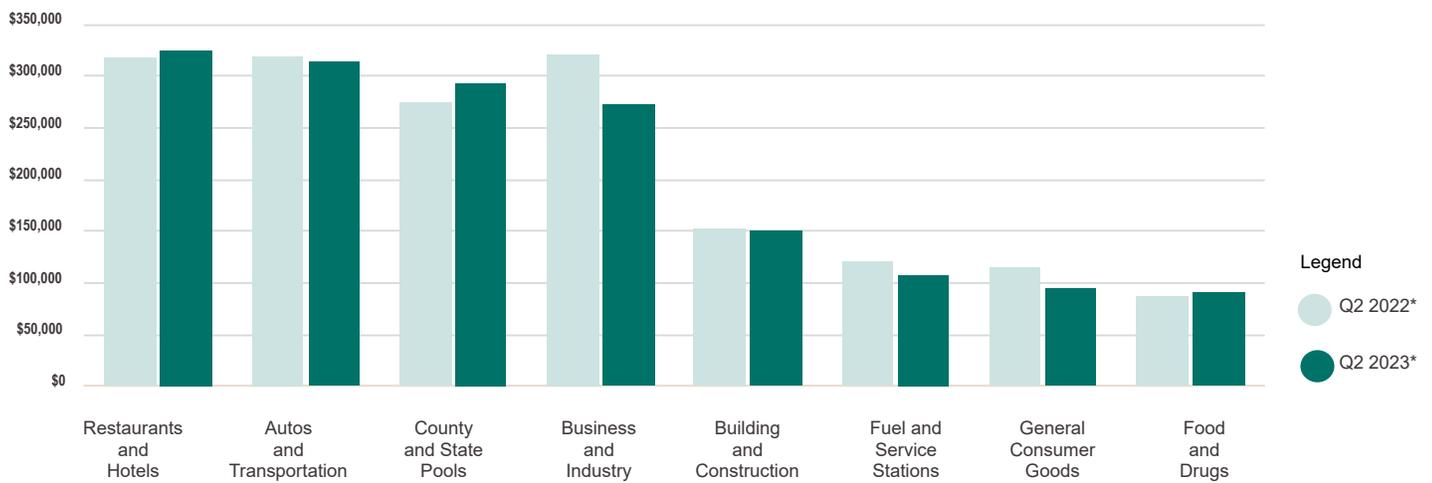


-2.9%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure V

TOTAL: \$794,368

↓ -2.3%



CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's receipts from April through June were 0.4% above the second sales period in 2022. Excluding reporting aberrations, actual sales were down 3.4%.

A winery transitioned this past year by moving online sales and shipments to another jurisdiction; coupled with lower tourism due to wet weather, this segment plummeted 47%. Declines from food service equipment suppliers also contributed to the 15% reduction by the business-industry category.

Gasoline prices came down from year ago peaks; a 12% decrease materialized in service station comparisons. Analysis

revealed mixed results in autos-transportation; much greater borrowing costs adversely affected overall vehicle sales.

Weaker apparel and specialty stores sales pulled general consumer goods lower.

Bright spots included increases in fine dining establishments, food-drugs retailers and a bigger pool allocation.

Smaller payments from fuel sellers and general retailers decreased Measure V totals.

Net of aberrations, taxable sales for all of the Bay Area declined 2.7%.



TOP 25 PRODUCERS

- Barndiva
- 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
- Rotten Robbie
- Safeway
- Sanderson Ford
- Silveira Buick/GMC
- Singlethread Farm
- Restaurant Inn
- Valette
- Westtec Tank & Equipment Company
- Wilbur Ellis
- Willi's Seafood & Raw Bar



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

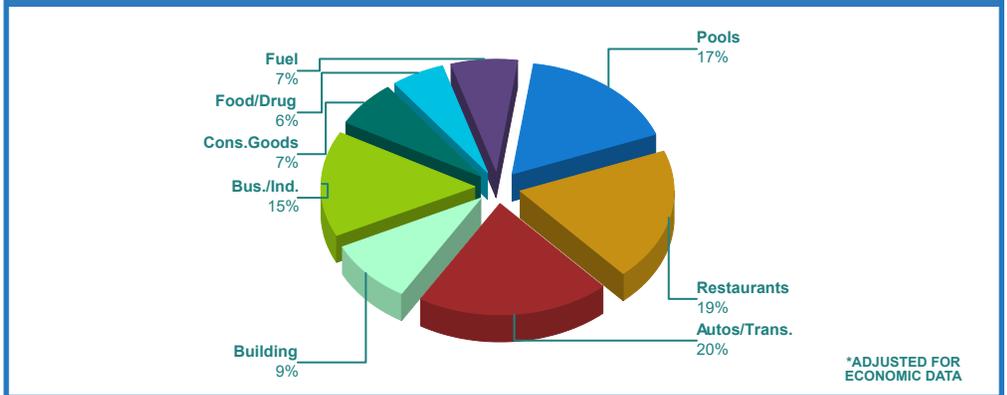
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

REVENUE BY BUSINESS GROUP
Healdsburg This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Healdsburg Business Type	Q2 '23*	Change	County Change	HdL State Change
Building Materials	136.8	5.3% ↑	-3.8% ↓	-8.0% ↓
Casual Dining	116.7	-2.5% ↓	4.7% ↑	4.6% ↑
Service Stations	106.5	-11.8% ↓	-14.2% ↓	-19.9% ↓
Fine Dining	91.0	23.0% ↑	8.0% ↑	-5.2% ↓
Hotels/Motels	84.7	-5.5% ↓	9.7% ↑	1.2% ↑
Wineries	62.5	-47.2% ↓	-8.4% ↓	-5.1% ↓
Grocery Stores	58.5	8.2% ↑	6.8% ↑	2.9% ↑
Food Service Equip./Supplies	29.1	-21.4% ↓	-9.0% ↓	4.0% ↑
Heavy Industrial	27.0	-5.0% ↓	21.5% ↑	-5.6% ↓
Family Apparel	19.9	-7.0% ↓	1.3% ↑	-1.0% ↓

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