

# CITY OF HEALDSBURG

## SALES TAX UPDATE

### 3Q 2023 (JULY - SEPTEMBER)



#### HEALDSBURG

TOTAL: \$ 1,589,274

-1.1%

3Q2023



-3.6%

COUNTY



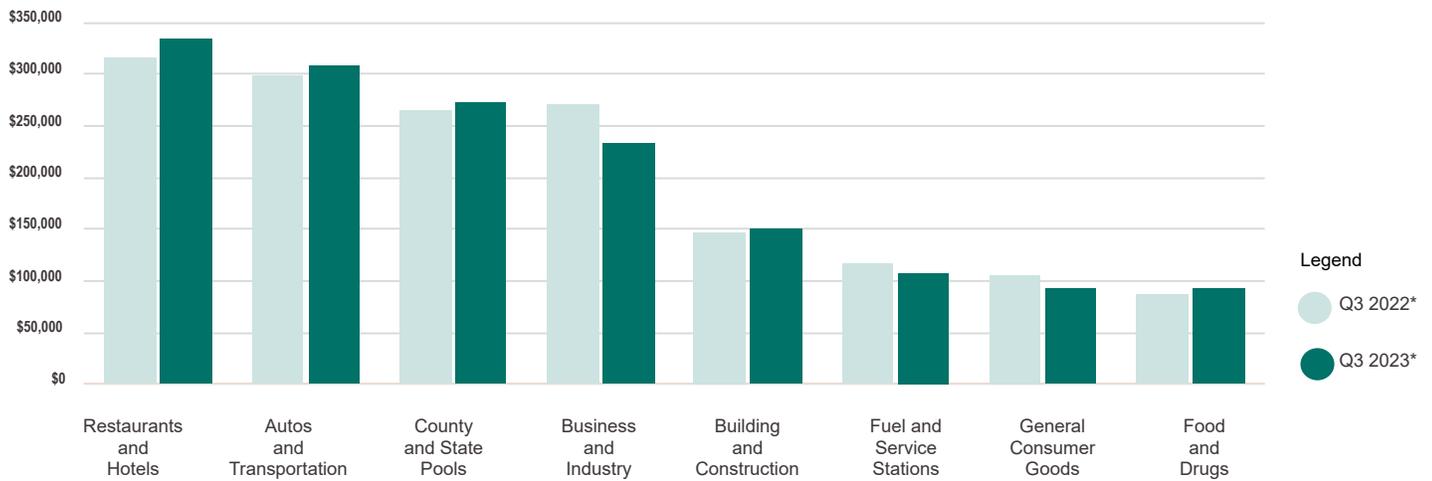
-1.7%

STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure V

TOTAL: \$735,063

↓ -3.9%



#### CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's gross receipts from July through September were 1.7% below the third sales period in 2022. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were down 1.1%.

Fine dining and increased hotel activity boosted the restaurants-hotels group 5.5%. Autos-transportation also benefited from increased sales. Building material purchases helped boost building-construction returns.

The City's allocation of the countywide use tax pool grew 2.2% - even as the overall pool revenues dipped due waning third-party auto and internet sales. Furthermore, a shift by online retailers

to fill more internet orders from in-state fulfillment centers instead of out-of-state locations results in some revenues moving out of the pools and into direct allocation.

The largest revenue reduction occurred in business-industry led by reduced winery and heavy industrial equipment sales. In-store shopping during the summer months slowed and the reduced price of fuel impacted service station revenues.

Voter-approved Measure V posted slightly lower results with declines in retail shopping and service station revenues.

Net of adjustments, taxable sales for the Bay Area declined 3.1%.



#### TOP 25 PRODUCERS

- |                                |                                  |
|--------------------------------|----------------------------------|
| Barndiva                       | Matheson                         |
| Big Johns Market               | McConel Chevrolet                |
| Bravas                         | Chrysler Dodge Jeep              |
| Carlsen & Associates           | Montage Healdsburg               |
| Central Valley Builders Supply | Opperman & Son                   |
| E & M Electric & Machinery     | Rotten Robbie                    |
| Fast Lane Gas & Food           | Safeway                          |
| Garrett Hardware & Plumbing    | Sanderson Ford                   |
| Healdsburg Chevrolet           | Silveira Buick/GMC               |
| Healdsburg Chevron & Carwash   | Singlethread Farm                |
| Healdsburg Gas Mart            | Restaurant Inn                   |
| Healdsburg Lumber              | Westtec Tank & Equipment Company |
| Jerrys Valero                  | 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 July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

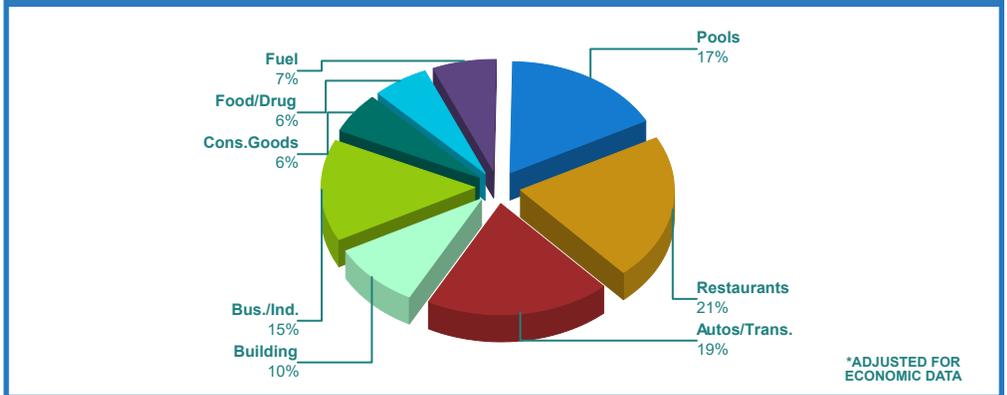
Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingered consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

### REVENUE BY BUSINESS GROUP Healdsburg This Quarter\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Healdsburg Business Type	Q3 '23*	Change	County Change	HdL State Change
Building Materials	133.9	2.6% ↑	-1.8% ↓	-2.6% ↓
Casual Dining	125.0	-1.2% ↓	2.3% ↑	2.7% ↑
Service Stations	107.0	-8.1% ↓	-6.9% ↓	-7.3% ↓
Fine Dining	97.7	14.7% ↑	4.4% ↑	-5.9% ↓
Hotels/Motels	77.5	9.2% ↑	-8.8% ↓	0.8% ↑
Grocery Stores	59.4	10.8% ↑	2.2% ↑	2.3% ↑
Wineries	57.7	-29.7% ↓	-3.7% ↓	-2.7% ↓
Heavy Industrial	41.5	-42.8% ↓	-30.2% ↓	-6.1% ↓
Food Service Equip./Supplies	34.6	-15.9% ↓	0.2% ↑	1.0% ↑
Quick-Service Restaurants	21.8	-1.6% ↓	3.6% ↑	2.7% ↑

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