

# CITY OF HEALDSBURG

## SALES TAX UPDATE

### 2Q 2024 (APRIL - JUNE)



#### HEALDSBURG

TOTAL: \$ 1,658,954

1.1%  
2Q2024



-2.2%  
COUNTY

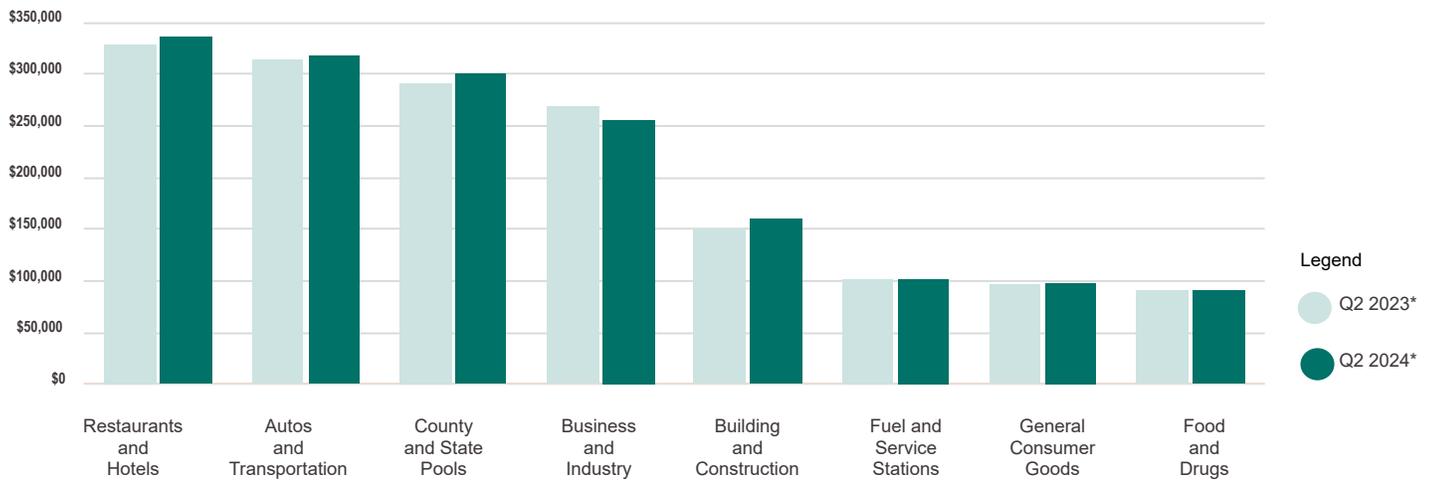


-0.7%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure V

TOTAL: \$742,609

↓ -4.7%



#### CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's gross receipts from April – June were 2.9% above the second sales period in 2023. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were up 1.1%.

Restaurants-hotels continued its upward trajectory with casual dining and hotels-motels demonstrating the most growth, as locals and visitors enjoyed the area during the spring months.

Bucking statewide decline trends, autos-transportation revenues edged higher even though new car sales were down. The City's sales tax growth improved its share of the countywide use tax pool

and the quarterly allocation increased 3.6%.

A jump in contractor activity – possibly one-time in nature – lifted the building-construction group. Even though the price of crude oil fluctuated, service station revenues netted 1% in growth. General retail remained stable, with help from the home furnishings sector.

Conversely, gains by wineries, were not enough to offset one-time payments a year ago that skewed the comparable business-industry results down 5.3%. Food-drugs revenues dipped due to a couple of business closures.



#### TOP 25 PRODUCERS

- Big Johns Market
- Bravas
- Central Valley Builders Supply
- E & M Electric & Machinery
- Fast Lane Gas & Food
- Garrett Hardware & Plumbing
- H2 Hotel Spoon Bar
- Healdsburg Chevrolet
- Healdsburg Chevron & Carwash
- Healdsburg Gas Mart
- Healdsburg Lumber
- Hotel Healdsburg
- Jerrys Valero

- Matheson
- 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 during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it’s only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men’s and women’s apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper’s preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

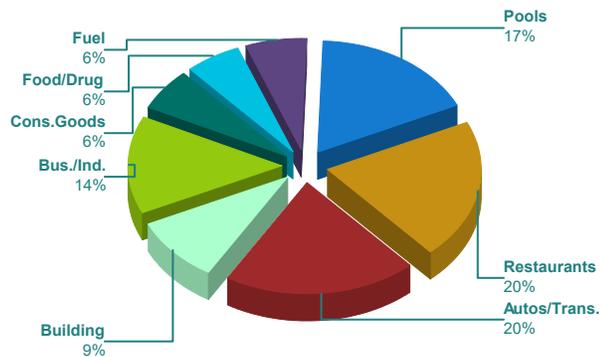
Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted – state law increasing California’s minimum wage at designated eateries – third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

### REVENUE BY BUSINESS GROUP Healdsburg This Fiscal Year\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Healdsburg Business Type	Q2 '24*	Change	County Change	HdL State Change
Building Materials	130.7	-4.8% ↓	-4.0% ↓	-3.1% ↓
Casual Dining	124.8	4.1% ↑	0.9% ↑	0.7% ↑
Service Stations	101.9	0.9% ↑	2.8% ↑	2.3% ↑
Hotels/Motels	91.6	8.0% ↑	-9.8% ↓	1.5% ↑
Fine Dining	85.6	-5.9% ↓	-15.7% ↓	-5.8% ↓
Wineries	60.6	5.3% ↑	-6.0% ↓	-5.0% ↓
Grocery Stores	59.2	1.3% ↑	1.4% ↑	1.6% ↑
Food Service Equip./Supplies	25.1	-15.2% ↓	-12.2% ↓	-7.8% ↓
Contractors	23.1	162.9% ↑	2.3% ↑	-0.2% ↓
Heavy Industrial	21.9	-19.0% ↓	-14.2% ↓	-0.9% ↓

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\*In thousands of dollars