

CITY OF HEALDSBURG

SALES TAX UPDATE

3Q 2024 (JULY - SEPTEMBER)



HEALDSBURG

TOTAL: \$ 1,498,258

-5.5%

3Q2024



-2.1%

COUNTY



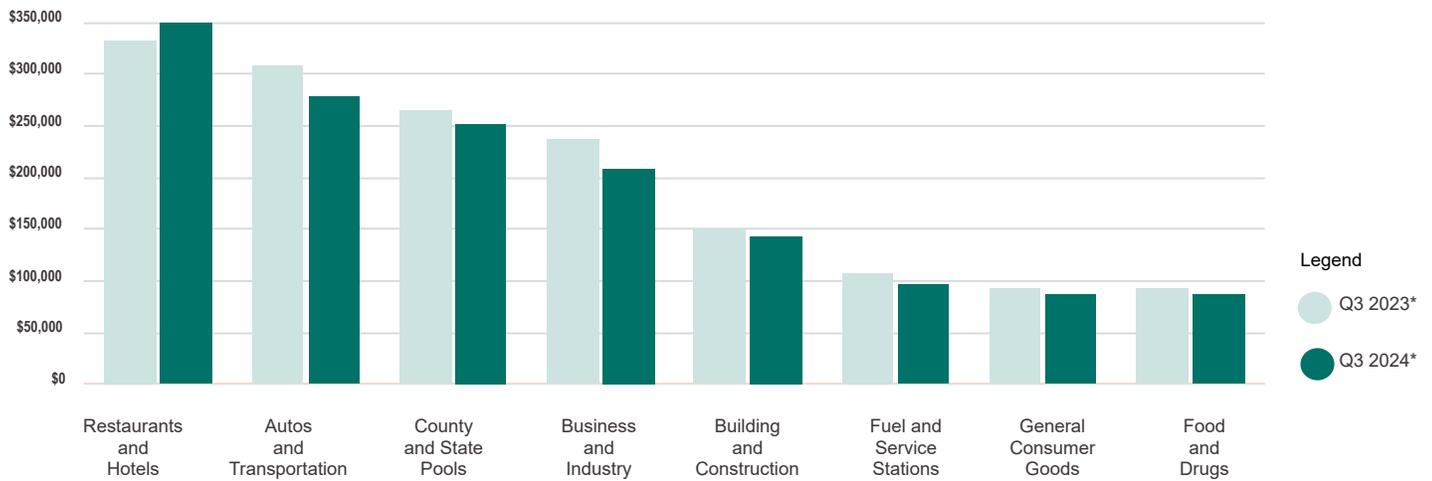
-2.3%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure V

TOTAL: \$719,442

↓ -3.4%



CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's receipts from July through September were 12.5% below the third sales period in 2023. Excluding reporting aberrations, actual sales were down 5.5%.

The autos-transportation category showed discouraging revenues from auto repair shops as car owners delayed making repairs on their vehicles. State-county pools, the City's third largest income classification, had a meager -5.3% return.

The business-industry group saw dreary profits from wineries and food service equipment-supply vendors during this quarter. Building-construction profits were adverse, as building materials had less demand for their services.

Service stations felt shrinking returns at the pumps as increase fuel supply stabilizes, while advantages to consumers, is challenging for sales tax revenue due to the declining demand.

The restaurant-hotel sector experienced encouraging gross receipts from hotels-motels as people booked special events and enjoyed trips to the wine region.

Measure V, the City's voter approved transaction tax, had negative collections with returns of -3.4%.

Net of aberrations, taxable sales for all of Sonoma County declined 2.1% over the comparable time; the Bay Area was down 1.9%.



TOP 25 PRODUCERS

- | | |
|-------------------------------------|----------------------------------|
| Big Johns Market | Jerrys Valero |
| Bravas | Matheson |
| California Vineyard And Farm Supply | Montage Healdsburg |
| Carlsen & Associates | Opperman & Son |
| Coldflo Mechanical | Rotten Robbie |
| E & M Electric & Machinery | Safeway |
| Fast Lane Gas & Food | Sanderson Ford |
| Garrett Hardware & Plumbing | Silveira Gmc |
| Healdsburg Chevrolet | Singlethread Farm |
| Healdsburg Chevron & Carwash | Restaurant Inn |
| Healdsburg Gas Mart | Westtec Tank & Equipment Company |
| Healdsburg Lumber | Wilbur Ellis |
| Hotel Healdsburg | Willi's Seafood & Raw Bar |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

Brick-and-mortar general consumer retailers pulled back 3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

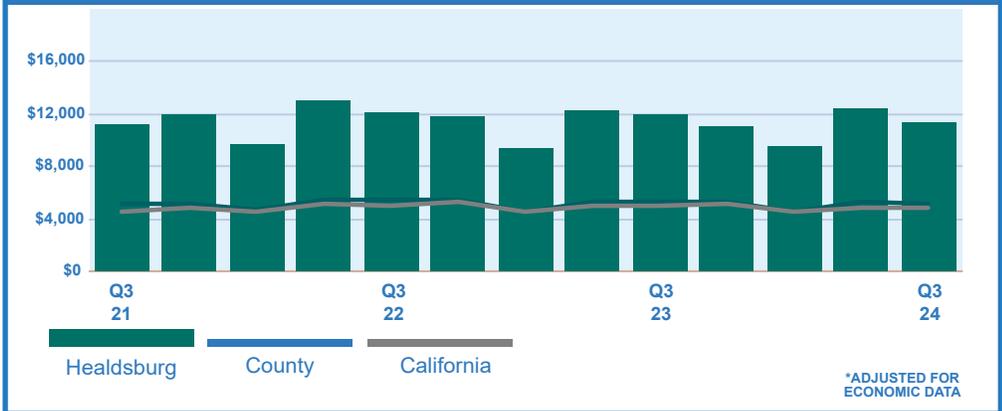
Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments – consistent with spending trends in other sectors. State

mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren’t considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Healdsburg Business Type	Q3 '24*	Change	County Change	HdL State Change
Building Materials	123.5	-7.8% ↓	-4.0% ↓	-4.2% ↓
Casual Dining	122.8	-3.4% ↓	0.6% ↑	1.1% ↑
Hotels/Motels	101.9	31.5% ↑	9.5% ↑	2.5% ↑
Service Stations	96.0	-10.3% ↓	-8.5% ↓	-12.8% ↓
Fine Dining	95.6	-2.2% ↓	-13.8% ↓	-4.9% ↓
Grocery Stores	59.8	0.8% ↑	0.7% ↑	1.3% ↑
Heavy Industrial	53.5	28.6% ↑	2.5% ↑	-0.4% ↓
Wineries	52.9	-10.8% ↓	-8.8% ↓	-3.3% ↓
Food Service Equip./Supplies	26.2	-23.6% ↓	-4.5% ↓	-3.3% ↓
Automotive Supply Stores	19.3	-1.5% ↓	0.8% ↑	-0.7% ↓

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