

CITY OF HEALDSBURG

SALES TAX UPDATE

4Q 2024 (OCTOBER - DECEMBER)



HEALDSBURG

TOTAL: \$ 1,503,646

1.3%
4Q2024



-3.8%
COUNTY

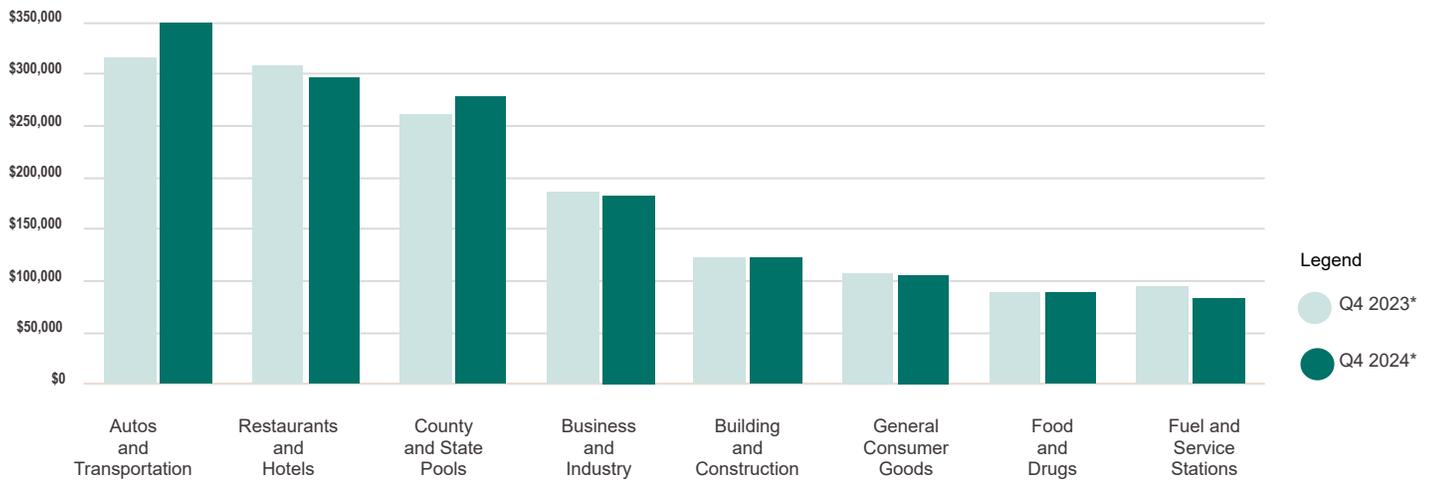


-1.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure V

TOTAL: \$688,515

↓ -2.4%



CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's receipts from October through December were 10.8% above the fourth sales period in 2023. Inflated cash comparisons came from doubled-up payments for taxes owed in prior quarters. Excluding reporting aberrations, actual sales were up 1.3%.

Buyers flocked into various sellers locations, took advantage of plentiful inventories which boosted auto-transportation revenues by 10%. Receipts exaggerations heightened the pool allocation, 6% more use taxes were received.

Recent closures of local eateries contributed to restaurants-hotels decline; both the casual and fine dining segments remitted 5% fewer revenues.

Recent adverse audit corrections and fewer food service equipment orders produced smaller business-industry filings.

Building-construction remained unchanged; contractor's saw more work, however, materials sales slumped.

Service station's taxes fell 12% as fuel prices stayed below 2023 levels.

Declines in Measure V local taxes were mostly tied to fewer restaurant patrons and one-time collections last year from B2B companies.

Net of aberrations, taxable sales for all of Sonoma County declined 3.8% over the comparable time period; the Bay Area was down 0.5%.



TOP 25 PRODUCERS

- | | |
|-------------------------------------|---------------------------|
| Big Johns Market | Max Process Equipment |
| California Vineyard And Farm Supply | Global |
| E & M Electric & Machinery | Montage Healdsburg |
| Fast Lane Gas & Food | Opperman & Son |
| Garrett Hardware & Plumbing | Rotten Robbie |
| Healdsburg Chevrolet | Safeway |
| Healdsburg Chevron & Carwash | Sanderson Ford |
| Healdsburg Gas Mart | Silveira Gmc |
| Healdsburg Lumber | Silver Oak Cellars |
| Hotel Healdsburg | Singlethread Farm |
| Jerrys Valero | Restaurant Inn |
| Matheson | Valette |
| | Wilbur Ellis |
| | Williamson Wines |
| | 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 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating period of the year but exhibited diminished year-over-year returns as consumers struggled with tariff concerns and pulling back on discretionary spending.

For the past eight quarters - two calendar years - statewide results have declined; led mostly by autos-transportation and building-construction suppressed activity due to the sustained high interest rate environment. Specifically, this quarter, as new and used car returns pulled back, only leasing activity improved likely representing buyers willingness to wait for more advantageous economic conditions before committing to long term obligations. Furthermore, building-construction drops spanned multiple categories including building materials, plumbing/electrical and contractors as property owners delay repairs and improvements until they're more comfortable tapping available equity.

During this holiday shopping period, brick-and-mortar general retailers slumped 2.4%, further hindered by lower gas prices. Recent closures by merchants selling variety/ low priced items and weaker returns from department stores were most impactful. As consumers appeared more interested in value/discounted items vs higher priced/ luxury goods, overall statewide receipts revealed growth from online retailers by way of local returns through fulfillment centers and allocations via each county's use tax pool demonstrating a desire to spend, just more through different vendors which shifted local tax distributions.

Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

Revenue from restaurants sustained a modest gain of 1.3%, with only a waning from fine dining establishments - consistent with spending trends in other sectors. As eateries try and balance higher menu prices and demand, a 'return to office' call by businesses could inspire future increased foot traffic for many venues in metropolitan centers.

The fourth quarter also marks the end of the calendar year. As expected 2024 was 1.2% lower than 2023 with most sectors taking a hit. Only restaurants, business-industry and allocations via the county use tax pools improved.

With national tariff discussions happening at the federal level, consumers start 2025 wondering if higher priced goods and difficult decisions are on the horizon. Also, the Federal Reserve Board hasn't signified any relief by way of lower interest rates leaving only minimal growth expectations to come. The theme of the current economic outlook is uncertainty.

SALES TAX RATE BREAKDOWN <small>*Tax Rate Effective April 01, 2025</small>		9.75%
State General Fund	3.9375%	
City/County General Fund (Bradley-Burns)	1.0000%	
Healdsburg Measure V (HDBG)	0.5000%	
County Public Safety (Prop 172)	0.5000%	
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%	
Countywide Transportation Fund	0.2500%	
Sonoma County Transportation Authority (SCTA) (SNTA)	0.2500%	
Sonoma County Ag_Open Space District - Measure F (SAPD)	0.2500%	
Sonoma County Library Maintenance Enhancement Tax (SCLM)	0.1250%	
Sonoma County Marin Area Rail Transit District (SMRT)	0.2500%	
Sonoma County Measure M (SCPS)	0.1250%	
Sonoma County Measure O (SOMT)	0.2500%	
Sonoma County Measure H (SCIE)	0.5000%	
Sonoma County (Children) Measure I (SCoun)	0.2500%	

TOP NON-CONFIDENTIAL BUSINESS TYPES					
Healdsburg Business Type	Q4 '24*	Change	County Change	HdL State Change	
Casual Dining	108.7	-5.4% ↓	0.2% ↑	1.9% ↑	
Building Materials	102.3	-3.2% ↓	-3.3% ↓	-3.4% ↓	
Fine Dining	89.5	-4.6% ↓	-6.4% ↓	-5.1% ↓	
Service Stations	82.7	-12.3% ↓	-10.8% ↓	-12.9% ↓	
Wineries	82.0	8.0% ↑	-9.6% ↓	-7.1% ↓	
Hotels/Motels	72.8	3.3% ↑	-5.1% ↓	2.3% ↑	
Grocery Stores	57.8	0.8% ↑	-0.7% ↓	-0.9% ↓	
Family Apparel	20.5	7.6% ↑	-4.7% ↓	1.3% ↑	
Heavy Industrial	20.3	-37.1% ↓	-5.8% ↓	-2.6% ↓	
Automotive Supply Stores	17.7	-0.3% ↓	1.0% ↑	1.0% ↑	

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