

CITY OF EL MONTE

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



EL MONTE

TOTAL: \$ 5,728,501

-2.9%

1Q2023



-1.6%

COUNTY



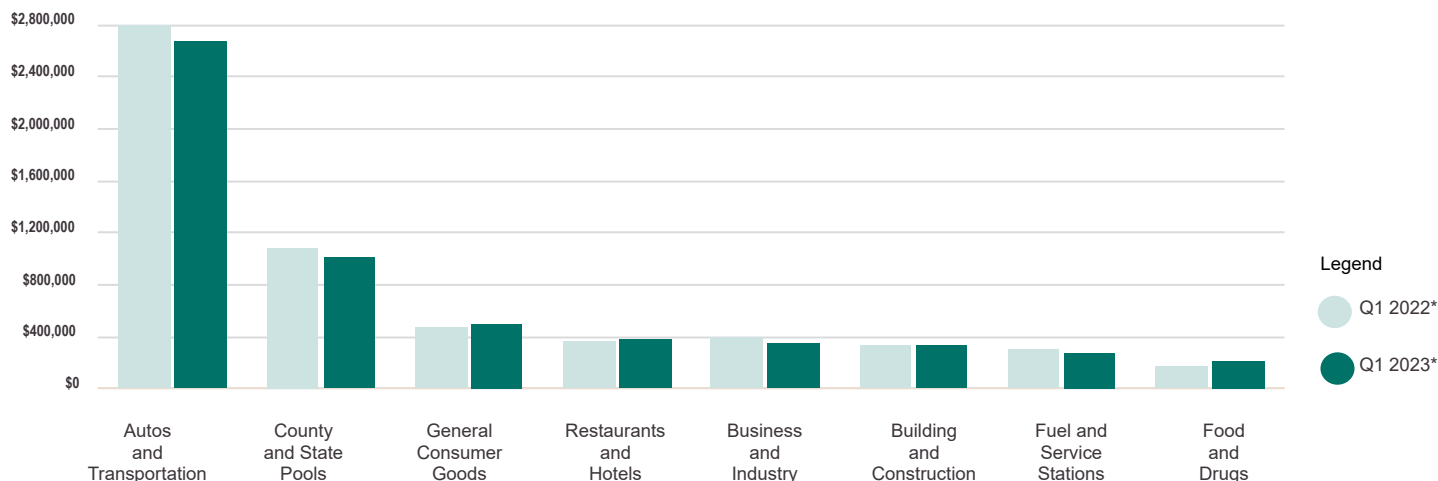
-1.1%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure EM

TOTAL: \$1,697,802

-0.6%



CITY OF EL MONTE HIGHLIGHTS

El Monte's receipts from January through March were 2.7% below the first sales period in 2022. Excluding reporting aberrations, actual sales were down 2.9%.

Current economic conditions of high inflation & interest rates, and an overall decrease in consumer confidence have resulted in City tax revenue slowdowns. Autos & transportation and business & industry were impacted most by the slowing of the economy.

General consumer goods posted a strong 6.3% increase from the prior year, which is counter to a statewide trend as consumers are beginning to pull back on non-critical items as uncertainty remains in the economy.

Patrons continued to venture out to restaurants and entertainment establishments, plus inflationary factors of higher labor and food costs on the menu pricing put forth significant gains for the quarter.

The City's Transaction and Use Tax Measure EM generated 29.5% of the Bradley Burns amount, led by solid performance from autos & transportation.

Net of aberrations, taxable sales for all of Los Angeles County declined 1.6% over the comparable time period; the Southern California region was down 0.8%.



TOP 25 PRODUCERS

- Airgas
- Arco
- Car Pros Honda El Monte
- Cardinaleway Hyundai Of El Monte
- Catalyst El Monte
- Chevron
- D R Office Works
- dd's Discounts
- Eastern Construction Supplies
- El Monte Nissan
- Element Vape
- Food 4 Less
- Ganas Auto
- Gentle Carmen Auto
- Home Depot
- Longo Lexus
- Longo Toyota & Longo Scion
- Multi W Systems Packs
- Sams Club w/ Fuel
- Sus Amigos Auto Center
- T & L Granite Countertop Warehouse
- Toyota Lease Trust
- United Oil
- United Site Services



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

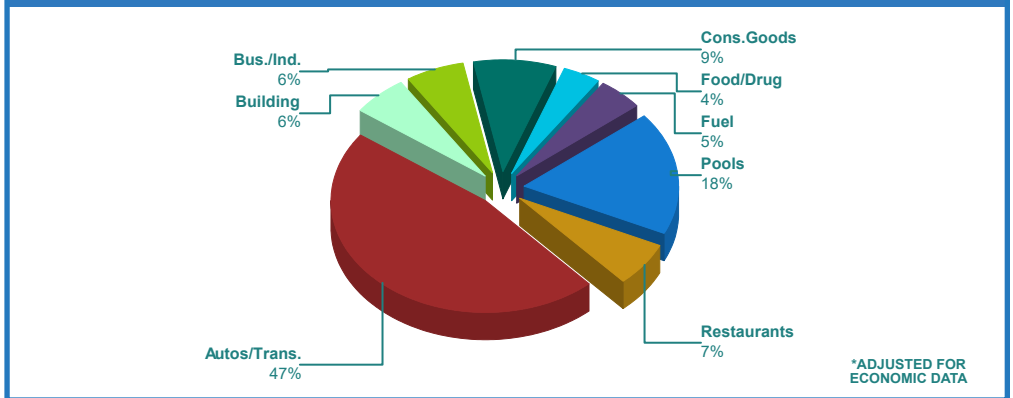
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

REVENUE BY BUSINESS GROUP El Monte This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

El Monte Business Type	Q1 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,200.9	1.4% ↑	-4.2% ↓	0.8% ↑
Service Stations	272.8	-11.8% ↓	-10.0% ↓	-9.8% ↓
Quick-Service Restaurants	212.1	2.4% ↑	5.8% ↑	5.1% ↑
Used Automotive Dealers	157.7	-18.4% ↓	-8.5% ↓	-10.9% ↓
Casual Dining	129.6	1.1% ↑	11.9% ↑	9.7% ↑
Grocery Stores	67.9	7.3% ↑	6.3% ↑	5.4% ↑
Heavy Industrial	62.7	-4.6% ↓	-2.3% ↓	-5.6% ↓
Contractors	61.6	6.9% ↑	-8.4% ↓	-12.7% ↓
Convenience Stores/Liquor	54.5	4.7% ↑	-2.2% ↓	-5.0% ↓
Office Supplies/Furniture	50.9	62.2% ↑	-4.7% ↓	-10.7% ↓

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