

CITY OF EL MONTE

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



EL MONTE

TOTAL: \$ 6,215,174

4.0%
3Q2023



-2.4%
COUNTY

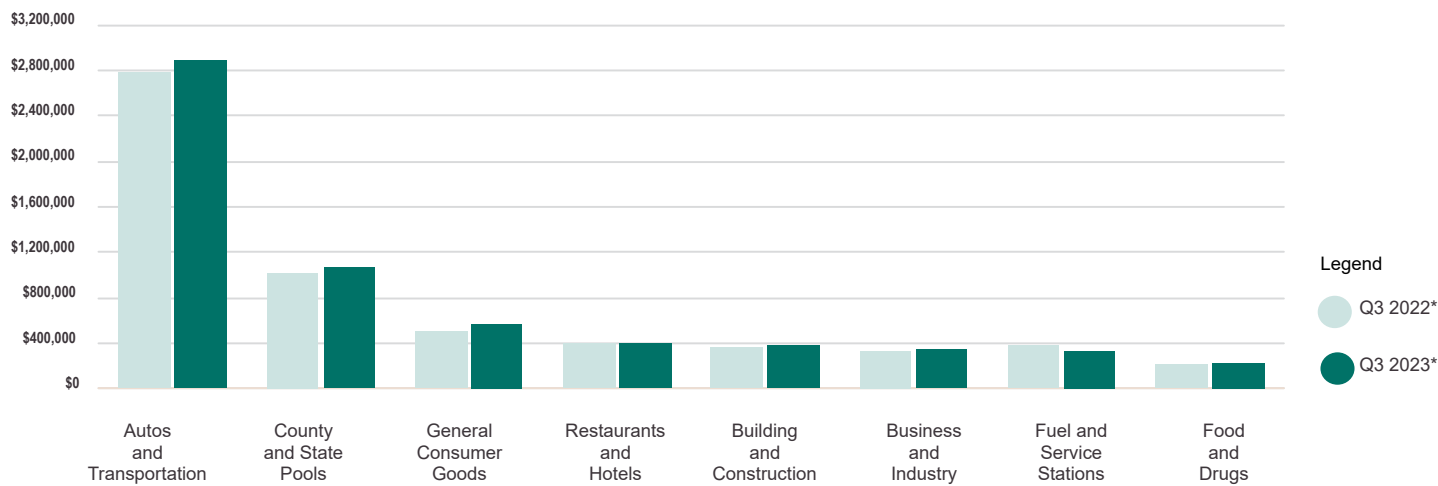


-1.7%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure EM

TOTAL: \$1,876,327

4.2%



CITY OF EL MONTE HIGHLIGHTS

El Monte's receipts from July through September were 3.0% above the third sales period in 2022. Excluding reporting aberrations, actual sales were up 4.0%.

While product prices, interest rates, and borrowing costs remained high, consumer spending and confidence did not plunge in 2023. Expectations on financing costs will begin a gradual decent in the second half of 2024.

The City experienced the largest jump from its biggest sector, autos & transportation, including new motor vehicle dealers. Sales from shoe stores, office supplies/furniture, heavy industrial/printers, garden/agricultural, contractors, grocery stores, quick

service restaurants, including the state and county pools all realized a boost.

Receipts from used automotive dealers, auto repair shops, convenience stores, service stations, and casual dining declined and when combined they partially offset the overall quarterly gain.

The City's Transaction and Use Tax Measure EM generated 30.2% of the Bradley Burns amount, led by the strongest percentage from general consumer goods.

Net of aberrations, taxable sales for all of Los Angeles County declined 2.4% over the comparable time period; the Southern California region was down 1.5%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|------------------------------------|
| Airgas | Home Depot |
| Arco AMPM | Jansen Ornamental Iron Supply |
| Car Pros Honda El Monte | Longo Lexus |
| Cardinaleway Hyundai Of El Monte | Longo Toyota & Longo Scion |
| Catalyst El Monte | Packs |
| Chevron | Ramona Arco |
| D R Office Works | Sams Club w/ Fuel |
| dd's Discounts | Sus Amigos Auto Center |
| Eastern Construction Supplies | T & L Granite Countertop Warehouse |
| El Monte Auto Spa & Resort | Toyota Lease Trust |
| Element Vape | United Oil |
| Food 4 Less | WSS |
| Ganas Auto | |



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.

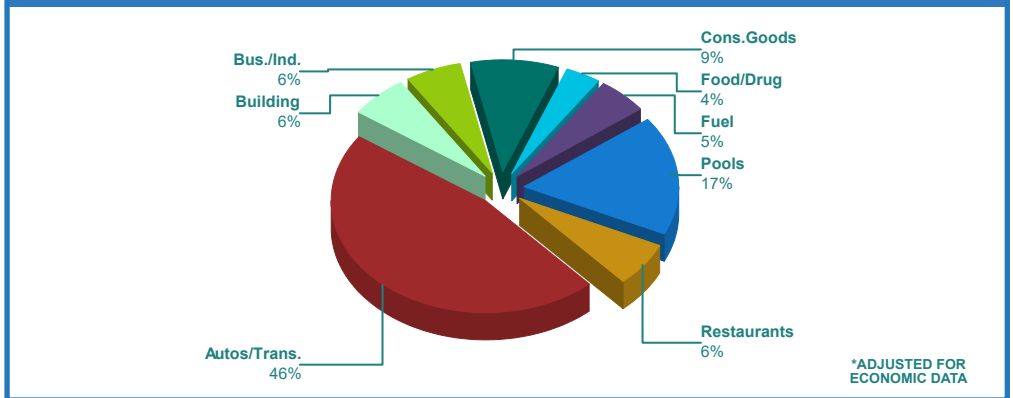
Despite continued increases of new car registrations, revenue from the autos-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

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. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP El Monte This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

El Monte Business Type	Q3 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,430.6	7.7% ↑	-3.1% ↓	-2.4% ↓
Service Stations	335.8	-10.1% ↓	-8.2% ↓	-7.3% ↓
Quick-Service Restaurants	224.0	2.3% ↑	1.5% ↑	2.7% ↑
Used Automotive Dealers	160.8	-17.6% ↓	-10.2% ↓	-6.2% ↓
Casual Dining	126.0	-6.9% ↓	3.3% ↑	2.8% ↑
Contractors	76.5	8.2% ↑	-4.4% ↓	-1.1% ↓
Grocery Stores	74.9	2.1% ↑	2.7% ↑	2.3% ↑
Heavy Industrial	67.6	12.3% ↑	-7.6% ↓	-6.0% ↓
Convenience Stores/Liquor	58.4	-11.2% ↓	-11.3% ↓	-10.0% ↓
Auto Repair Shops	48.5	-7.5% ↓	-3.5% ↓	-0.9% ↓

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