

CITY OF EL MONTE

SALES TAX UPDATE

4Q 2023 (OCTOBER - DECEMBER)



EL MONTE

TOTAL: \$ 6,224,626

2.9%

4Q2023



-2.6%

COUNTY



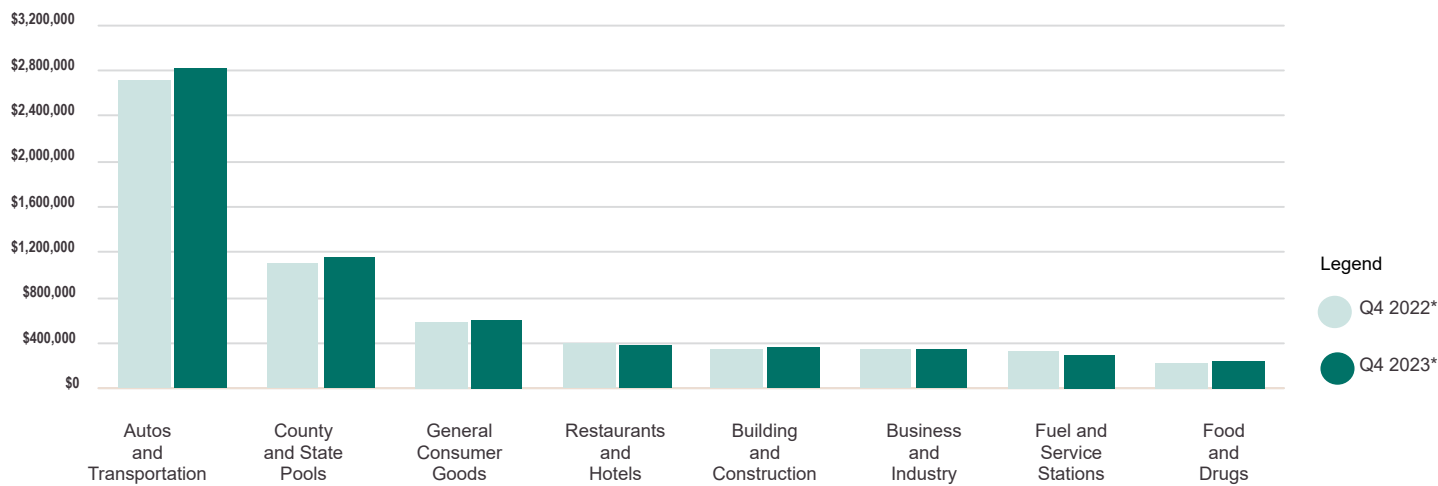
-2.5%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure EM

TOTAL: \$1,879,510

↑ 3.6%



CITY OF EL MONTE HIGHLIGHTS

El Monte's receipts from October through December were 1.0% below the fourth sales period in 2022. Excluding reporting aberrations, actual sales were up 2.9%.

Inflation continues to burden consumers and businesses as decisions must be made on essential and non-essential purchases. Business-industry felt a pullback as multiple sub-sectors fell for the quarter as businesses continued to deal with economic issues. Fuel-service stations are still being compared to historic pricing of 2022 and were down 8.1% for the quarter.

The high inflation and interest on credit cards did not hinder shoppers

from making purchases in the general consumer goods area as it ended up 3.5%. Autos-transportation and food-drugs both were able to drive up gains for the quarter, going against current downward trend.

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 2.6% over the comparable time period; the Southern California region was down 2.0%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|------------------------------------|
| Airgas | Home Depot |
| Arco | Kop Auto |
| 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 |
| El Monte Nissan | United Oil |
| Element Vape | WSS |
| Ganas Auto | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women’s apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

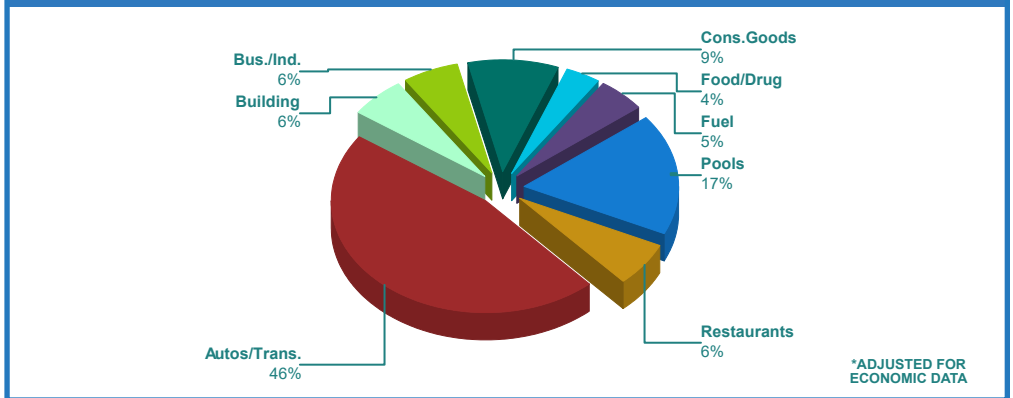
Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for ‘fast food restaurants’, on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady,

pool collections contracted more taxes allocated directly to local agencies via in-state fulfillment and through existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.

REVENUE BY BUSINESS GROUP El Monte This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

El Monte Business Type	Q4 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,332.3	4.0% ↑	-7.5% ↓	-7.7% ↓
Service Stations	298.3	-7.9% ↓	-6.4% ↓	-4.9% ↓
Quick-Service Restaurants	218.9	0.1% ↑	-0.5% ↓	0.3% ↑
Used Automotive Dealers	149.3	5.0% ↑	-13.4% ↓	-2.8% ↓
Casual Dining	128.2	-4.0% ↓	2.4% ↑	1.8% ↑
Contractors	82.6	18.2% ↑	3.6% ↑	1.3% ↑
Heavy Industrial	79.0	45.0% ↑	-9.2% ↓	-8.8% ↓
Grocery Stores	78.2	2.9% ↑	-2.5% ↓	-4.6% ↓
Convenience Stores/Liquor	60.8	7.7% ↑	-6.4% ↓	-7.7% ↓
Auto Repair Shops	48.1	-13.5% ↓	-4.7% ↓	-3.0% ↓

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