

CITY OF EL MONTE

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



EL MONTE

TOTAL: \$ 6,119,366

-1.6%

2Q2024



-0.5%

COUNTY



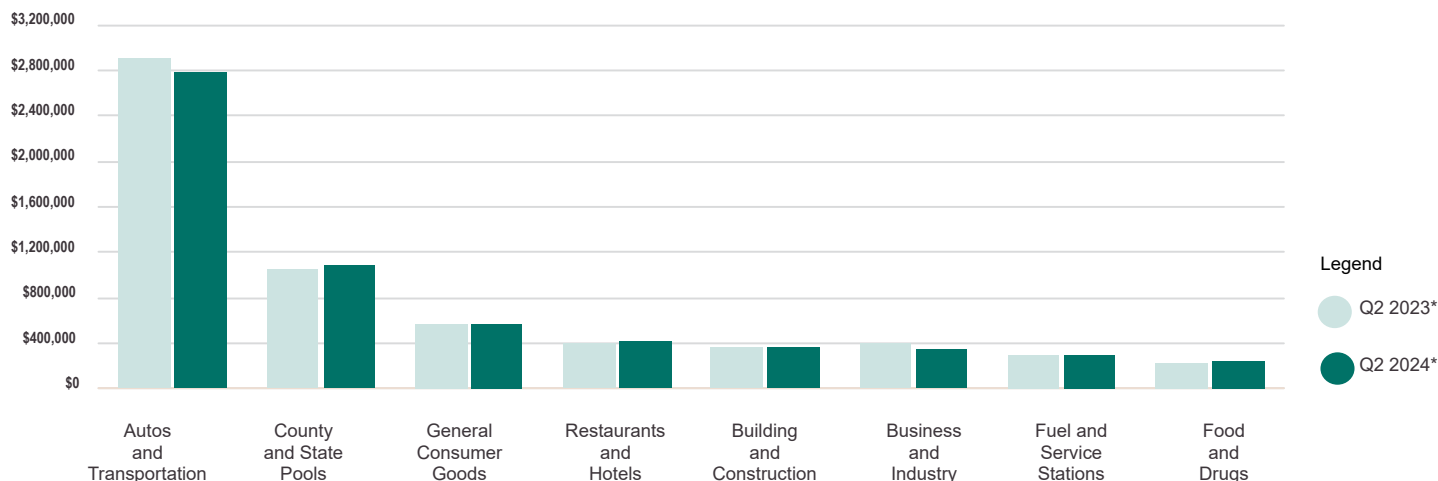
-0.7%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure EM

TOTAL: \$1,897,227

5.0%



CITY OF EL MONTE HIGHLIGHTS

El Monte's receipts from April through June were 5.1% below the second sales period in 2023. Excluding reporting aberrations, actual sales were down 1.6%.

The Federal Reserve has begun to reduce interest rates; however, the upcoming holiday season may not see much of an uptick due to consumers focusing spending priorities on essential items.

The City experienced the largest decline in its top sector autos-transportation, including new motor vehicle dealers and auto repair shops. Returns from business-industry and quick service restaurants were also down.

On the positive side, receipts from used automotive dealers, light industrial/printers, grocery stores, building materials, contractors, specialty stores, casual dining, service stations, and the state and county pools increased. When combined they helped to offset the overall net quarterly loss.

The City's Transaction and Use Tax Measure EM generated 31.0% of the Bradley Burns amount, led by the strongest percentage gain from the general consumer goods sector.

Net of aberrations, taxable sales for all of Los Angeles County declined 0.5% over the comparable time period; the Southern California region was down 0.5%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|------------------------------------|
| Airgas | Home Depot |
| Arco | Honda Lease Trust |
| Car Pros Honda El Monte | Longo Lexus |
| Cardinaleway Hyundai Of El Monte | Longo Toyota & Longo Scion |
| Catalyst El Monte | Multi W Systems |
| D R Office Works | Packs |
| dd's Discounts | Ramona Arco |
| El Monte Auto Spa & Resort | Sams Club w/ Fuel |
| El Monte Nissan | Sus Amigos Auto Center |
| Element Vape | T & L Granite Countertop Warehouse |
| Excellent Kitchen Cabinets | Toyota Lease Trust |
| Food 4 Less | United Oil |
| Ganas Auto | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it’s only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men’s and women’s apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper’s preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

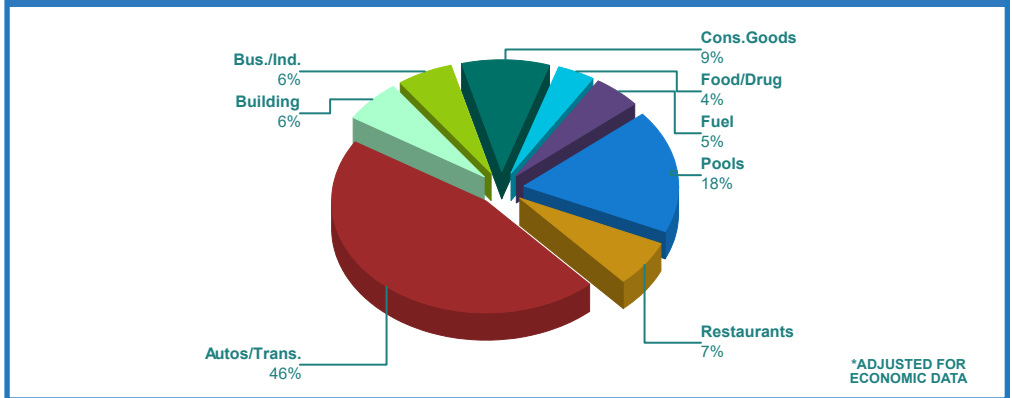
Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted – state law increasing California’s minimum wage at designated eateries – third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

REVENUE BY BUSINESS GROUP El Monte This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

El Monte Business Type	Q2 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,311.0	-5.5% ↓	-6.6% ↓	-7.7% ↓
Service Stations	299.1	0.5% ↑	1.8% ↑	2.3% ↑
Building Materials	259.2	3.7% ↑	-2.7% ↓	-3.1% ↓
Quick-Service Restaurants	228.9	-2.6% ↓	0.4% ↑	1.1% ↑
Used Automotive Dealers	167.3	12.9% ↑	-9.6% ↓	-7.2% ↓
Casual Dining	138.3	1.7% ↑	0.4% ↑	0.7% ↑
Grocery Stores	90.1	12.4% ↑	3.8% ↑	1.6% ↑
Contractors	70.8	2.5% ↑	1.0% ↑	-0.2% ↓
Heavy Industrial	70.0	8.6% ↑	-2.0% ↓	-0.9% ↓
Convenience Stores/Liquor	63.3	0.8% ↑	-1.3% ↓	-0.8% ↓

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