

# CITY OF GARDENA

## SALES TAX UPDATE

### 2Q 2023 (APRIL - JUNE)



#### GARDENA

TOTAL: \$ 4,058,810

-2.7%

2Q2023



-4.2%

COUNTY



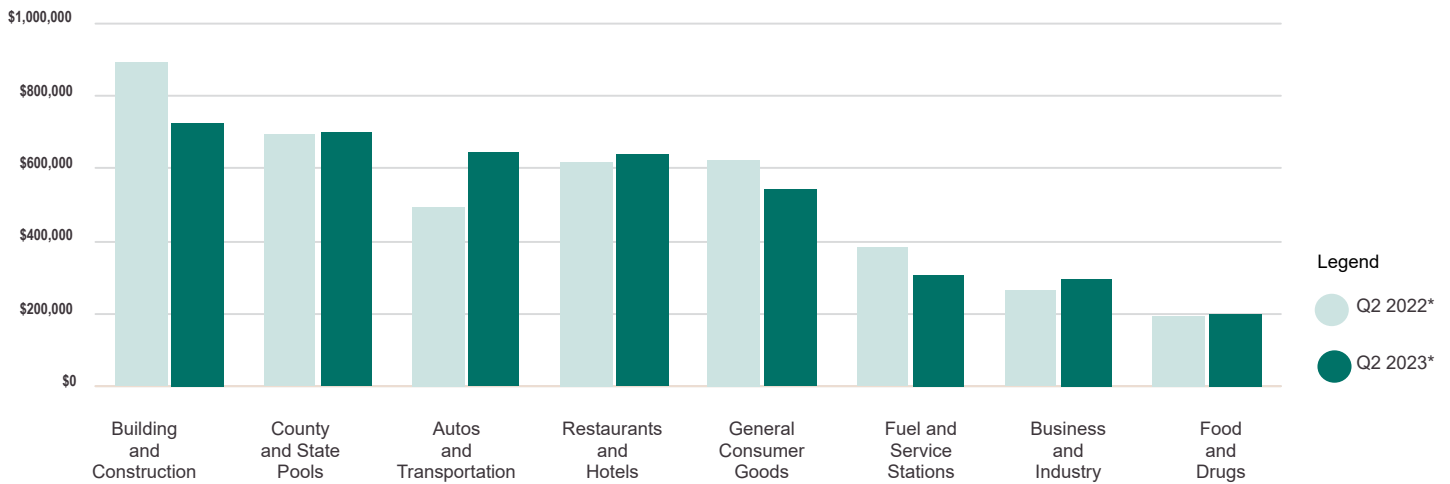
-3.0%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure G

TOTAL: \$3,040,496

↓ -1.5%



#### CITY OF GARDENA HIGHLIGHTS

Gardena's receipts from April through June were 0.6% below the second sales period in 2022. Excluding reporting aberrations, actual sales were down 2.7%.

Decreased lumber prices coupled with extended winter weather appears to have negatively impacted building-construction activity, largely leading to the overall decline. A dramatic drop in year-over-year gas prices hurt service station returns and general consumer retailers also selling fuel further impacting results.

Partially offsetting the decreases were strong sales by auto-transportation

vendors, exceeding the state and countywide trends, combined with solid returns from restaurants. The recent addition of multiple business-industry merchants also helped enhance revenue.

The City's three-quarter cent transaction tax, Measure G, experienced similar results. Fuel and lumber prices pulled receipts lower as steady car buying by residents and activity at local restaurants contributed some growth.

Net of aberrations, taxable sales for all of Los Angeles County declined 4.2% over the comparable time period; the Southern California region was down 3.0%.



#### TOP 25 PRODUCERS

76  
A&A Chevron  
Arco AM PM  
Beacon Roofing Supply  
Chick Fil A  
Crenshaw Lumber Co  
Crenshaw Wholesale Electric Supply  
Enterprise Rent A Car  
Food 4 Less  
G & C Equipment Finders Corp  
Gardena Honda  
Honda Lease Trust  
In N Out Burger  
Lab Fabrication

Marukai Market  
McDonald's  
Nissan of Gardena  
Raising Cane's  
Ralphs  
Sam's Club w/ Fuel  
Smardan Hatcher Co.  
Target  
Valero  
Vons Fuel  
Wood Oil Company



### STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

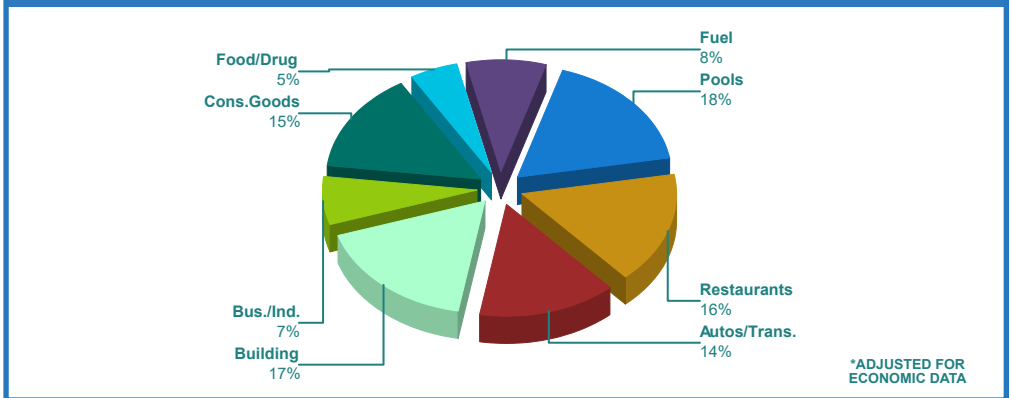
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

### REVENUE BY BUSINESS GROUP Gardena This Fiscal Year\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Gardena Business Type	Q2 '23*	Change	County Change	HdL State Change
Quick-Service Restaurants	288.9	3.6% ↑	2.7% ↑	3.2% ↑
Casual Dining	261.1	4.0% ↑	5.7% ↑	4.5% ↑
Service Stations	256.7	-19.5% ↓	-21.7% ↓	-19.9% ↓
Grocery Stores	126.7	4.2% ↑	3.4% ↑	2.9% ↑
Transportation/Rentals	79.5	0.9% ↑	-4.6% ↓	-6.6% ↓
Plumbing/Electrical Supplies	75.4	7.6% ↑	-4.5% ↓	-4.6% ↓
Contractors	75.0	12.1% ↑	-3.1% ↓	-2.8% ↓
Fast-Casual Restaurants	73.9	1.3% ↑	3.1% ↑	4.0% ↑
Auto Repair Shops	70.7	6.1% ↑	-3.6% ↓	2.2% ↑
Light Industrial/Printers	65.0	-7.8% ↓	-6.7% ↓	-5.7% ↓

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