

CITY OF SEAL BEACH

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



SEAL BEACH

TOTAL: \$ 1,115,099

1.5%
1Q2023



-0.1%
COUNTY

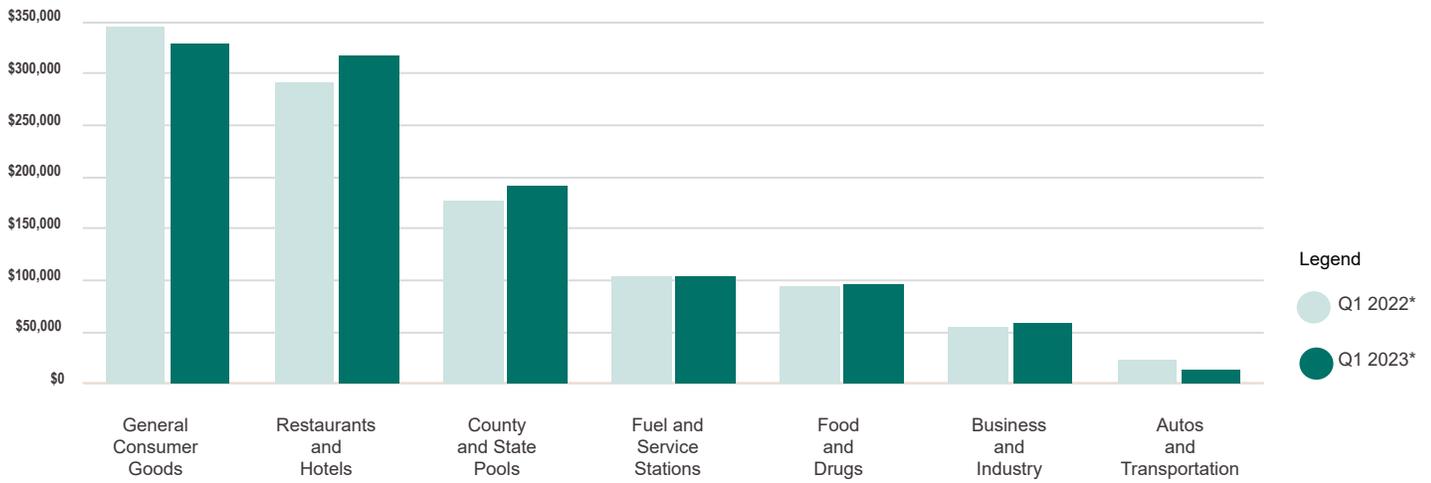


-1.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure BB

TOTAL: \$1,451,863

↓ -0.8%



CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from January through March were 8.7% above the first sales period in 2022. Excluding reporting aberrations, actual sales were up 1.5%.

This quarter's sales tax performance reflects more cautious behavior by consumers and a slight overall statewide drop in sales tax, as it is still unknown if a recession will take place.

The City's overall growth came from a one-time boost in the state and county pools and its second largest sector, restaurants & hotels, with casual, fast casual and quick service restaurants performing well. Dining out is still included in consumer spending plans.

Receipts from office equipment were also up.

Returns from service stations, convenience stores, electronic/appliance stores, home furnishings, sporting goods, and autos & transportation declined and combined to partially offset the overall gain.

The City's Transaction and Use Tax Measure BB generated 130.6% of the Bradley Burns amount, led by autos & transportation.

Net of aberrations, taxable sales for all of Orange County were flat over the comparable time period; the Southern California region was down 0.8%.



TOP 25 PRODUCERS

- | | |
|--------------------------|------------------------|
| 76 | Old Ranch Country Club |
| Burlington | Pavilions |
| California Pizza Kitchen | Petsmart |
| Chevron | Ralphs |
| Chick Fil A | Roger Dunn Golf Shops |
| CVS Pharmacy | Spaghettini |
| Energy Tubulars | Target |
| Hoffs Hut | Tyr Sport |
| Home Goods | Ulta Beauty |
| In N Out Burger | Walts Wharf |
| Islands | |
| Kobe Japanese Steakhouse | |
| Kohls | |
| Marshalls | |
| Mobil | |



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

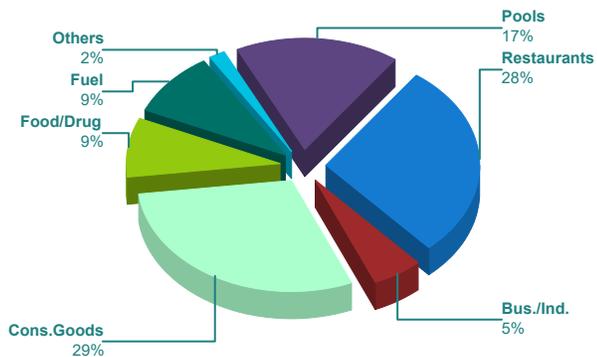
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number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



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q1 '23	Change	County Change	HdL State Change
Casual Dining	174,080	8.3% ↑	8.9% ↑	9.7% ↑
Service Stations	89,395	-9.2% ↓	-14.1% ↓	-9.8% ↓
Quick-Service Restaurants	71,712	1.7% ↑	4.5% ↑	5.1% ↑
Family Apparel	47,630	7.3% ↑	1.7% ↑	2.3% ↑
Home Furnishings	42,050	-10.9% ↓	-7.3% ↓	-10.4% ↓
Specialty Stores	33,497	-2.2% ↓	4.6% ↑	3.8% ↑
Fast-Casual Restaurants	28,361	25.6% ↑	1.2% ↑	6.4% ↑
Sporting Goods/Bike Stores	25,908	-15.2% ↓	-7.3% ↓	-8.1% ↓
Women's Apparel	19,328	-9.3% ↓	-1.6% ↓	-7.3% ↓
Electronics/Appliance Stores	15,689	-25.1% ↓	0.8% ↑	-2.4% ↓

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