

CITY OF SEAL BEACH

SALES TAX UPDATE

4Q 2024 (OCTOBER - DECEMBER)



SEAL BEACH

TOTAL: \$ 1,454,664

11.4%

4Q2024



-0.9%

COUNTY



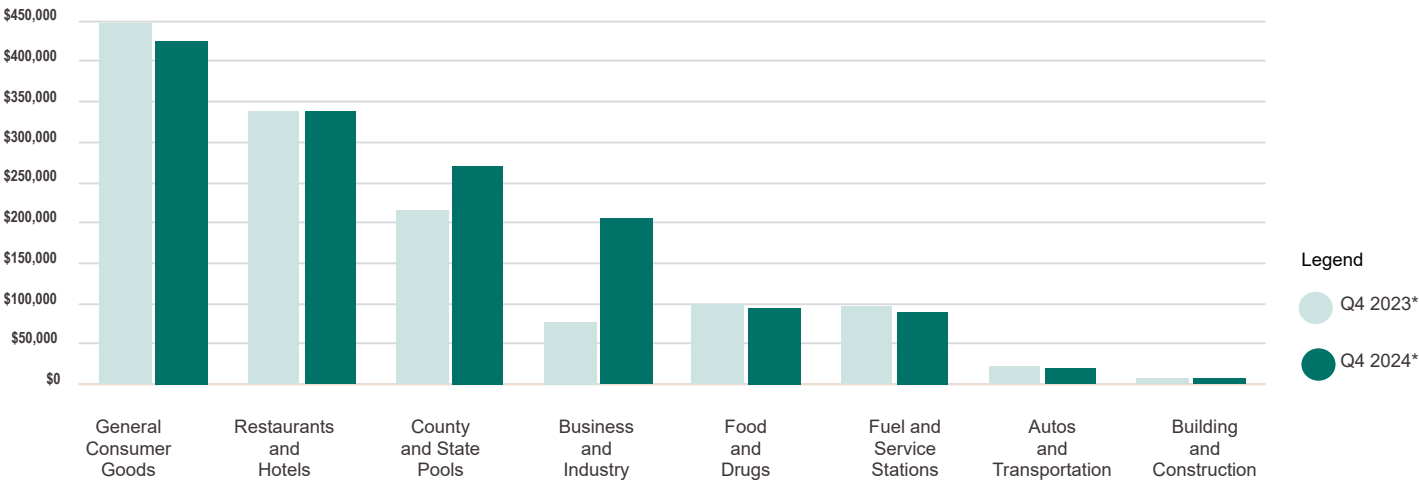
-1.1%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure BB

TOTAL: \$1,839,437

9.8%



CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's revenue from October through December was 30.0% higher than the fourth sales period in 2023, mainly due to multiple delayed payments received during this period that were owed from the previous quarter. Excluding this and other reporting anomalies, actual receipts for the quarter were up 11.4%.

The primary driver of this improvement was a significant business-industrial tax payment that appears to be an error and is expected to be reversed in a future quarter. Without this error, overall results would have shown a modest decline, aligning with the statewide trend.

The main factor in the decline was a decrease in retail and food and drug sales as consumers became more cautious amid growing economic uncertainty.

Seal Beach's voter-approved Measure BB increased by a similar amount as the City's Bradley-Burns tax returns, also boosted by the same tax payment error, which is expected to be reversed in a future period.

Net of anomalies, taxable sales for all of Orange County declined 2.2% over the comparable time period; the Southern California region was down 1.4%.



TOP 25 PRODUCERS

76	Kohls
Boeing	Marshalls
Burlington	Mobil
Chevron	Old Ranch Country Club
Chick Fil A	Original Parts Group
Crate Barrel Outlet	Pavilions
CVS Pharmacy	Petsmart
DTS	Ralphs
EVLO Energy Storage	Spaghettini
Hofs Hut Restaurant & Bakery	Target
Home Goods	Ulta Beauty
In N Out Burger	
Islands	
Kobe Japanese Steakhouse	



STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of October through December were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating period of the year but exhibited diminished year-over-year returns as consumers struggled with tariff concerns and pulling back on discretionary spending.

For the past eight quarters - two calendar years - statewide results have declined; led mostly by autos-transportation and building-construction suppressed activity due to the sustained high interest rate environment. Specifically, this quarter, as new and used car returns pulled back, only leasing activity improved likely representing buyers willingness to wait for more advantageous economic conditions before committing to long term obligations. Furthermore, building-construction drops spanned multiple categories including building materials, plumbing/electrical and contractors as property owners delay repairs and improvements until they're more comfortable tapping available equity.

During this holiday shopping period, brick-and-mortar general retailers slumped 2.4%, further hindered by lower gas prices. Recent closures by merchants selling variety/ low priced items and weaker returns from department stores were most impactful. As consumers appeared more interested in value/discounted items vs higher priced/ luxury goods, overall statewide receipts revealed growth from online retailers by way of local returns through fulfillment centers and allocations via each county's use tax pool demonstrating a desire to spend, just more through different vendors which shifted local tax distributions.

Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

Revenue from restaurants sustained a modest gain of 1.3%, with only a waning from fine dining establishments - consistent with spending trends in other sectors. As eateries try and balance higher menu prices and demand, a 'return to office' call by businesses could inspire future increased foot traffic for many venues in metropolitan centers.

The fourth quarter also marks the end of the calendar year. As expected 2024 was 1.2% lower than 2023 with most sectors taking a hit. Only restaurants, business-industry and allocations via the county use tax pools improved.

With national tariff discussions happening at the federal level, consumers start 2025 wondering if higher priced goods and difficult decisions are on the horizon. Also, the Federal Reserve Board hasn't signified any relief by way of lower interest rates leaving only minimal growth expectations to come. The theme of the current economic outlook is uncertainty.

SALES TAX RATE BREAKDOWN

9.25%

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
Seal Beach Measure GG (SEAL)	1.5000%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
Orange County Local Transportation Authority (OCTA) (OCTA)	0.5000%

Tax Rate Effective April 01, 2025
9.2500%

TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q4 '24*	Change	County Change	HdL State Change
Casual Dining	178.1	-0.9% ↓	1.1% ↑	1.9% ↑
Service Stations	89.1	-6.6% ↓	-13.7% ↓	-13.0% ↓
Quick-Service Restaurants	78.3	4.3% ↑	2.8% ↑	1.6% ↑
Family Apparel	76.5	3.5% ↑	-0.1% ↓	1.3% ↑
Home Furnishings	64.1	13.3% ↑	-1.2% ↓	-2.0% ↓
Specialty Stores	37.8	-10.6% ↓	-2.6% ↓	-1.7% ↓
Fast-Casual Restaurants	27.7	-6.0% ↓	2.4% ↑	1.5% ↑
Electronics/Appliance Stores	21.7	24.5% ↑	-4.0% ↓	-2.6% ↓
Women's Apparel	21.1	-32.1% ↓	-2.1% ↓	-1.4% ↓
Sporting Goods/Bike Stores	13.4	-58.3% ↓	-4.6% ↓	-7.1% ↓

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