

# CITY OF SEAL BEACH

## SALES TAX UPDATE

### 2Q 2023 (APRIL - JUNE)



#### SEAL BEACH

TOTAL: \$ 1,294,030

3.7%  
2Q2023



-0.3%  
COUNTY

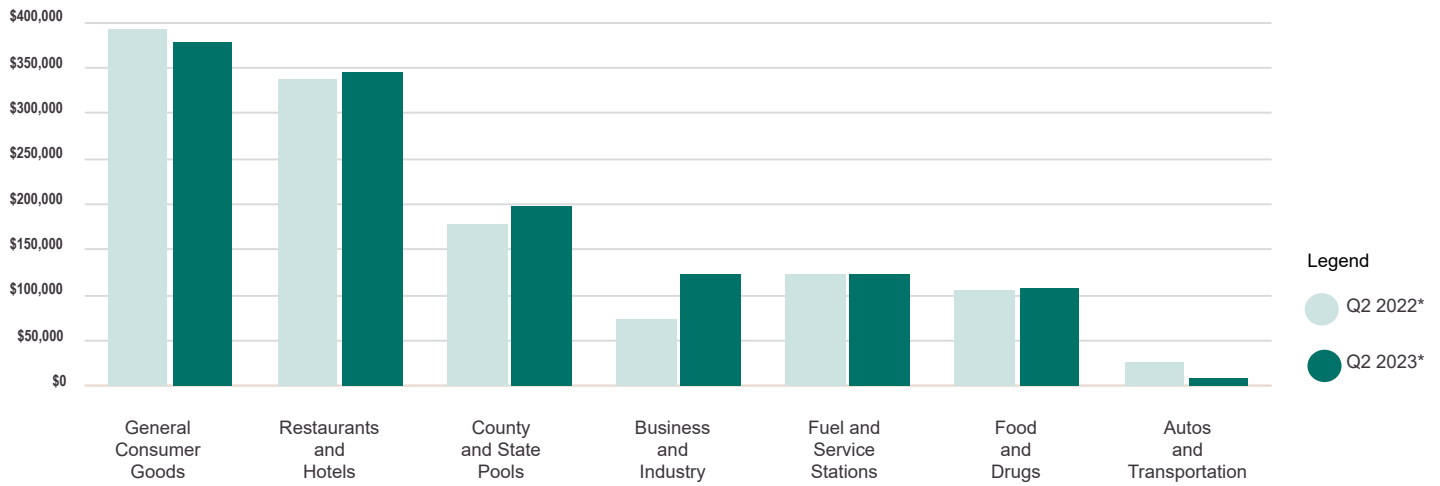


-2.9%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure BB

TOTAL: \$1,650,573

↑ 2.5%



#### CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from April through June were 5.6% above the second sales period in 2022. Excluding reporting aberrations, actual sales were up 3.7%.

A large, one-time use tax payment temporarily pushed up revenue from the business-industry sector. Receipts for the restaurant-hotel group are up with takeout, delivery, drive-through and curbside sales pushing up totals.

Non-traditional grocery retailers have steadily siphoned sales from traditional food retailers, while consumers are choosing discount stores as food prices continue to rise.

Late taxpayer sales & use tax returns have caused an interim drop in totals from the auto-transportation industry.

Consumers spent less in the general consumer goods category on household items, clothing, and non-necessities.

Oil and gas prices soared in 2022 in the wake of Russia's invasion of Ukraine, but energy prices remained at lower levels in the second quarter of 2023 as fears of shortages eased.

The City's share of the countywide use tax pool increased 10.1% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Orange County declined 0.3% over the comparable time period; the Southern California region was down 2.9%.



#### TOP 25 PRODUCERS

76  
Bed Bath & Beyond  
Boeing  
Burlington  
Chevron  
Chick Fil A  
CVS Pharmacy  
Energy Tubulars  
EVLO Energy Storage  
Hoffs Hut  
Home Goods  
In N Out Burger  
Kobe Japanese Steakhouse  
Kohls  
Marshalls

Mobil  
Old Ranch Country Club Pavilions  
Petsmart  
Ralphs  
Roger Dunn Golf Shops  
Spaghetini  
Target  
Ulta Beauty  
Walts Wharf



## 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.

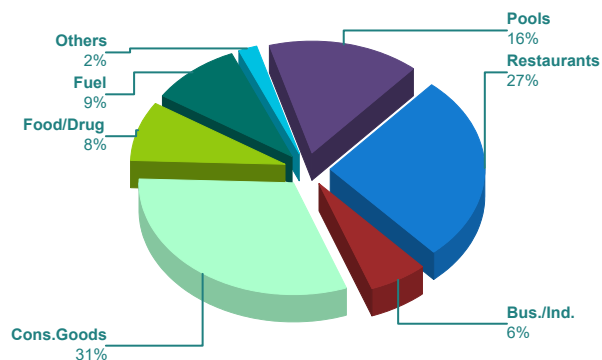
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets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



\*ADJUSTED FOR ECONOMIC DATA

## TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q2 '23*	Change	County Change	HdL State Change
Casual Dining	194.3	7.2% ↑	3.9% ↑	4.5% ↑
Service Stations	100.8	-17.2% ↓	-22.5% ↓	-19.9% ↓
Quick-Service Restaurants	77.3	1.9% ↑	2.3% ↑	3.2% ↑
Family Apparel	58.5	9.0% ↑	-4.0% ↓	-1.0% ↓
Home Furnishings	44.7	-1.9% ↓	-3.8% ↓	-11.1% ↓
Sporting Goods/Bike Stores	42.5	7.4% ↑	-10.5% ↓	-9.2% ↓
Specialty Stores	35.7	-1.8% ↓	-2.5% ↓	-1.3% ↓
Fast-Casual Restaurants	29.6	-2.9% ↓	0.0% ↑	3.8% ↑
Women's Apparel	27.1	-7.2% ↓	-5.6% ↓	-8.4% ↓
Electronics/Appliance Stores	15.7	-22.1% ↓	-1.2% ↓	-6.3% ↓

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\*In thousands of dollars