

CITY OF PASO ROBLES

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



PASO ROBLES

TOTAL: \$ 3,533,949

0.9%

2Q2024



-0.5%

COUNTY



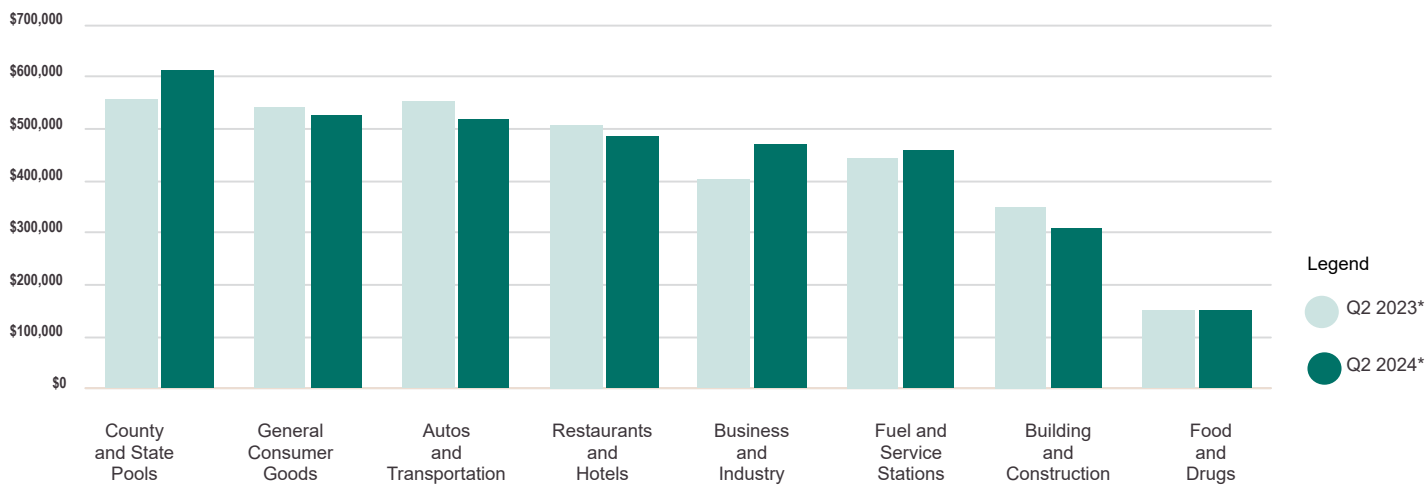
-0.7%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure E 12

TOTAL: \$1,752,504

0.3%

Measure J20

TOTAL: \$3,504,311

0.3%



CITY OF PASO ROBLES HIGHLIGHTS

Paso Robles's receipts from April through June were 1.9% higher than the same period in 2023. After adjusting for reporting anomalies, actual sales rose by 0.9%.

A key factor in this increase was a taxpayer misallocation in the winery sector that boosted results. However, another misallocation in the building materials category artificially lowered those results, partially offsetting the positive impact of the first error.

Other contributing factors to this quarter's improvement included a tax payment related to equipment purchases for a local building project, and the City's

share of the countywide use-tax pool was also boosted by the earlier misallocation.

On the downside, new car sales were lower as consumers grew hesitant due to high prices and tight credit conditions.

Measures E-12 and J-20 showed slightly smaller gains than Bradley-Burns returns because they did not benefit from the winery misallocation.

Excluding anomalies, taxable sales across San Luis Obispo County declined by 0.5%, while the Central Coast region saw a modest 0.5% increase over the same period.



TOP 25 PRODUCERS

- | | |
|--------------------------------|-----------------------|
| 1 Stop | Kia of Paso Robles |
| ABC Supply Co | Lowes |
| Albertsons | McDonald's |
| All State Utility Supply | Mullahey Chrysler |
| Arco AM PM | Dodge Jeep Ram |
| Borjon Auto Center | Paso Robles Chevrolet |
| Buick GMC | Paso Robles Ford |
| Buttonwillow Warehouse Company | Ross |
| Crop Production Services | Sky River RV |
| Eagle Energy 76 | Smart & Final |
| Firestone Walker Brewery | Target |
| JB Dewar | TJ Maxx |
| Justin Vineyards & Winery | VP Racing Fuels |
| | Walmart |



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.

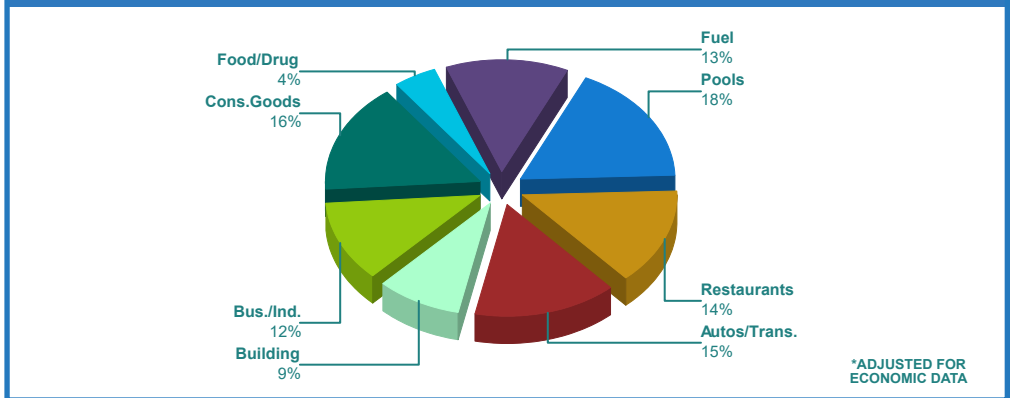
Restaurants experienced only a modest

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 Paso Robles This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Paso Robles Business Type	Q2 '24*	Change	County Change	HdL State Change
Service Stations	401.5	3.6% ↑	2.2% ↑	2.3% ↑
New Motor Vehicle Dealers	321.0	-7.5% ↓	6.8% ↑	-7.8% ↓
Casual Dining	241.4	-5.0% ↓	-3.4% ↓	0.7% ↑
Building Materials	205.5	-13.6% ↓	-7.6% ↓	-3.1% ↓
Quick-Service Restaurants	119.5	-5.1% ↓	-2.5% ↓	1.2% ↑
Garden/Agricultural Supplies	110.2	4.3% ↑	-5.9% ↓	-6.9% ↓
Wineries	106.5	87.7% ↑	2.9% ↑	-4.9% ↓
Grocery Stores	91.7	-1.2% ↓	0.5% ↑	1.6% ↑
Automotive Supply Stores	70.4	-0.4% ↓	-0.5% ↓	-3.3% ↓
Family Apparel	67.9	-0.5% ↓	-1.9% ↓	0.9% ↑

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