

CITY OF WESTMINSTER

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



WESTMINSTER

TOTAL: \$ 4,506,629

-1.0%

3Q2023



-1.1%

COUNTY



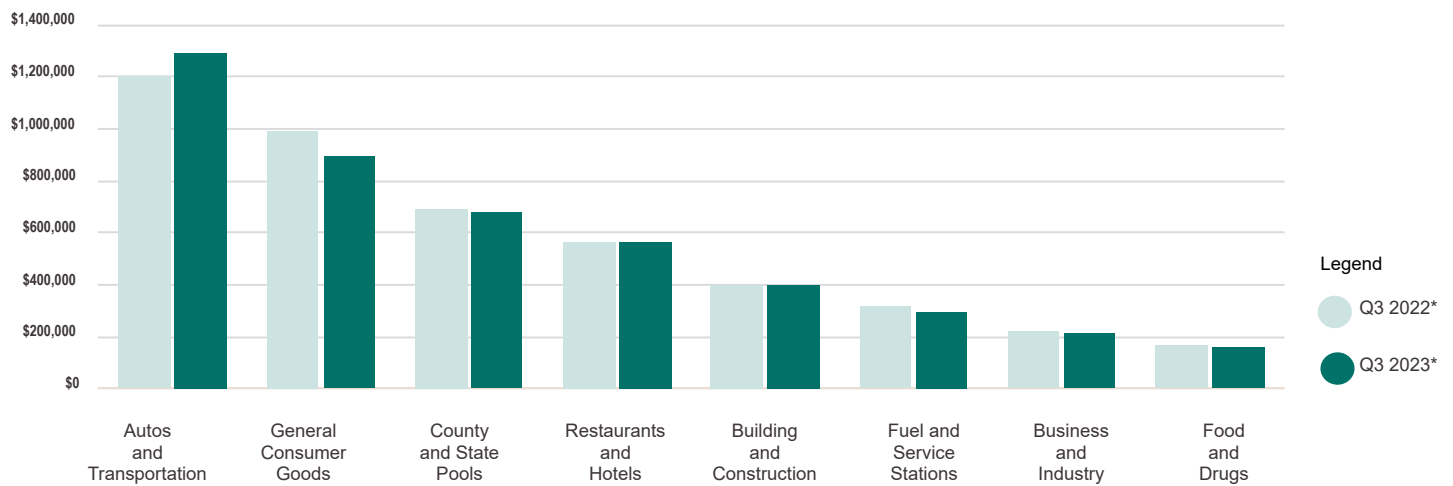
-1.7%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure Y

TOTAL: \$3,722,359



CITY OF WESTMINSTER HIGHLIGHTS

Westminster's receipts from July through September were 1.6% below the third sales period in 2022. Excluding reporting aberrations, actual sales were down 1.0%.

Consumers continue to look for ways to save, reducing overall receipts from general consumer goods.

Receipts from fuel-service stations declined as prices at the pump were significantly lower than in 3Q22.

The business-industry sector slumped in the third quarter of 2023, as new orders stalled after over-production in 2022.

Revenue from food-drugs as consumers switched to discount stores and off

brands to reduce their grocery bill.

Although higher interest rates have created weakened affordability, the auto-transportation sector reported a solid sales quarter.

Receipts from the building-construction industry remained flat.

The City's share of the countywide use tax pool decreased 2.0%. Measure Y, the City's voter-approved transactions and use tax, brought in an additional \$3,705,919.

Net of aberrations, taxable sales for all of Orange County declined 1.1% over the comparable time period; the Southern California region was down 1.5%.



TOP 25 PRODUCERS

7 Eleven

76

AC Pro

Best Buy

Carvana

Chick Fil A

Costco Business Center

DB Industrial Supply

Dennis Dillon RV

Elmore Toyota

Freedom Forever Procurement

G&M Oil

Home Depot

Honda World

Huntington Beach

Harley Davidson

Livewire

Independent Electric Supply

Lexus of Westminster

Macy's

OC Autohaus

Orange Coast Infiniti

Ross

Target

United Oil

Walmart

Walters Wholesale Electric



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

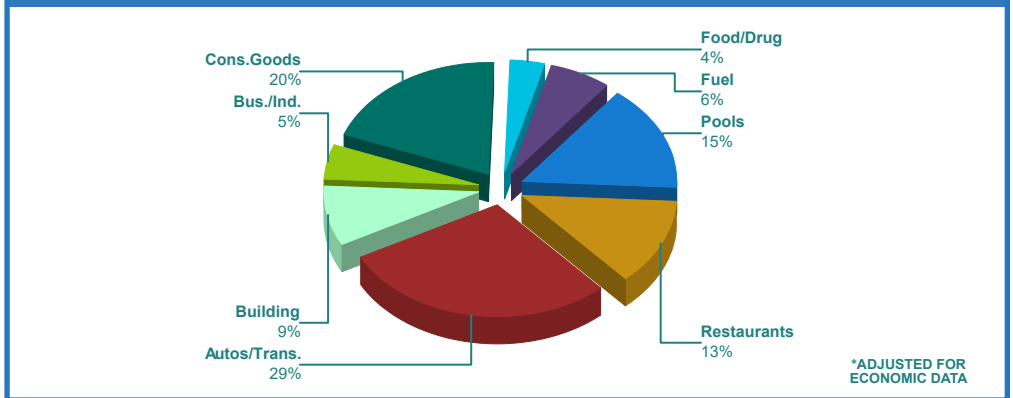
Despite continued increases of new car registrations, revenue from the autos-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP Westminster This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Westminster Business Type	Q3 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	588.0	6.5% ↑	-0.9% ↓	-2.4% ↓
Used Automotive Dealers	314.3	68.8% ↑	9.4% ↑	-5.8% ↓
Casual Dining	297.4	1.0% ↑	2.5% ↑	2.8% ↑
Service Stations	292.0	-7.4% ↓	-5.9% ↓	-7.3% ↓
Quick-Service Restaurants	227.1	0.8% ↑	3.7% ↑	2.7% ↑
Plumbing/Electrical Supplies	210.0	0.0% ↑	0.5% ↑	-3.8% ↓
Electronics/Appliance Stores	144.2	-8.9% ↓	-15.1% ↓	-14.1% ↓
Grocery Stores	86.4	1.9% ↑	2.8% ↑	2.3% ↑
Specialty Stores	66.0	-10.7% ↓	-3.8% ↓	-1.9% ↓
Department Stores	59.3	-5.6% ↓	-0.3% ↓	-1.7% ↓

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