

CITY OF WESTMINSTER

SALES TAX UPDATE

4Q 2023 (OCTOBER - DECEMBER)



WESTMINSTER

TOTAL: \$ 4,780,111

-2.1%

4Q2023



-2.7%

COUNTY



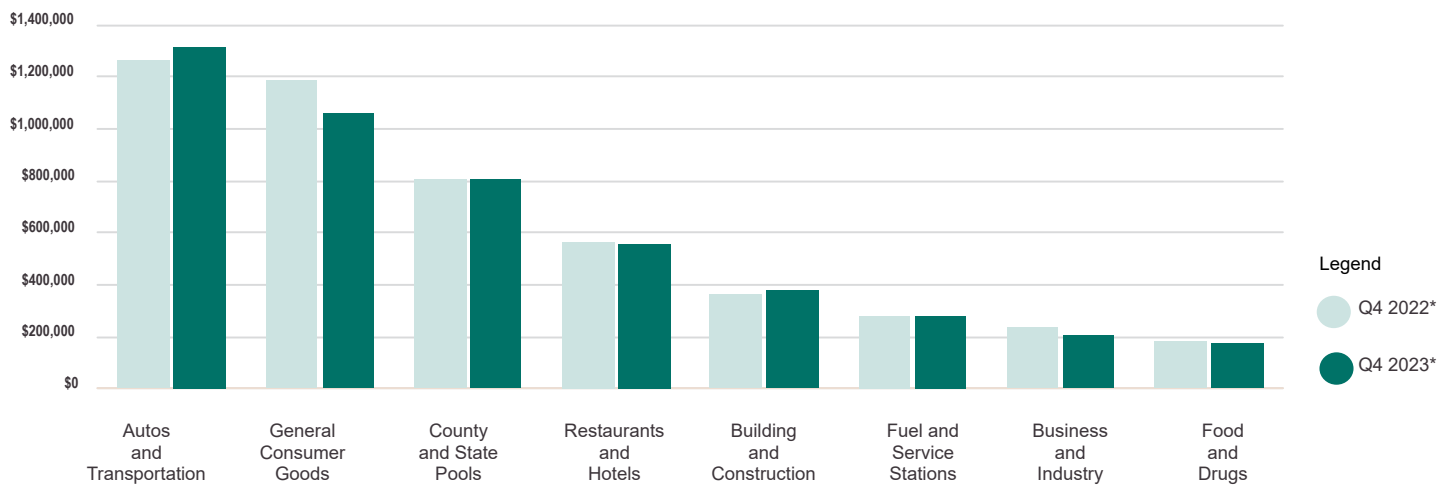
-2.5%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure Y

TOTAL: \$3,876,388



CITY OF WESTMINSTER HIGHLIGHTS

Westminster's receipts from October through December were 4.7% below the fourth sales period in 2022. Excluding reporting aberrations, actual sales were down 2.1%.

Statewide results in the fourth quarter of 2023 validated that customers held back on purchasing items that are more expensive and focused more on basic needs and household essentials.

The City experienced the largest hit from its second largest major industry group, general consumer goods, including family apparel, department, electronics/appliance, shoe, jewelry and specialty stores.

Other negative results came from business-industry, food-drugs, casual and quick service dining, and new motor vehicle dealers.

On the positive side, returns from plumbing/electrical, service stations, and the state and county pools combined to help offset the overall net quarterly loss.

Transaction and Use Tax Measure Y generated 81.3% of the Bradley Burns amount, led by the highest percentage growth from general consumer goods.

Net of aberrations, taxable sales for all of Orange County declined 2.7% over the comparable time period; the Southern



TOP 25 PRODUCERS

7 Eleven

76

AC Pro

Beach Cities Toyota Westminster

Best Buy

Carvana

Costco Business Center

DB Industrial Supply

Dennis Dillon RV

Elmore Toyota

G&M Oil

Home Depot

Honda World

Huntington Beach

Harley Davidson

Livewire

Independent Electric Supply

Lexus of Westminster

Macy's

Orange Coast Infiniti

Ross

T Mobile

Target

Toyota Lease Trust

United Oil

Walmart

Walters Wholesale Electric



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

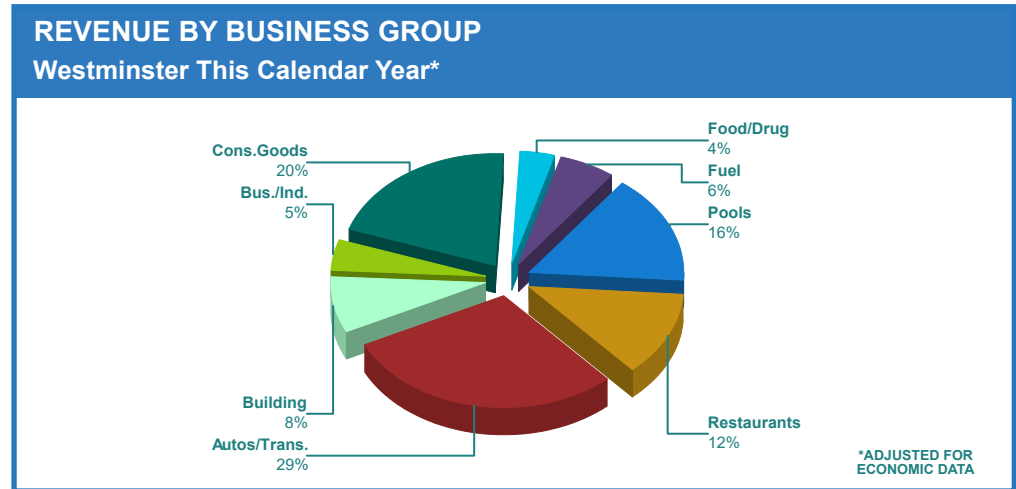
During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women’s apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for ‘fast food restaurants’, on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady,

pool collections contracted more taxes allocated directly to local agencies via in-state fulfillment and through existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Westminster Business Type	Q4 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	557.6	-3.6% ↓	-7.4% ↓	-7.7% ↓
Casual Dining	302.3	1.1% ↑	1.8% ↑	1.7% ↑
Service Stations	282.0	1.5% ↑	-3.7% ↓	-4.9% ↓
Quick-Service Restaurants	219.6	-3.5% ↓	2.4% ↑	0.3% ↑
Plumbing/Electrical Supplies	200.8	10.6% ↑	2.1% ↑	-4.3% ↓
Electronics/Appliance Stores	169.4	-5.7% ↓	-10.9% ↓	-7.7% ↓
Department Stores	100.9	-11.5% ↓	3.4% ↑	1.5% ↑
Grocery Stores	93.2	-3.9% ↓	-4.8% ↓	-4.6% ↓
Specialty Stores	76.1	-9.7% ↓	0.7% ↑	-2.1% ↓
Automotive Supply Stores	53.9	-9.1% ↓	-1.3% ↓	-2.4% ↓

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