

CITY OF MARTINEZ

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



MARTINEZ

TOTAL: \$ 1,467,347

-7.4%

2Q2024



-0.2%

COUNTY



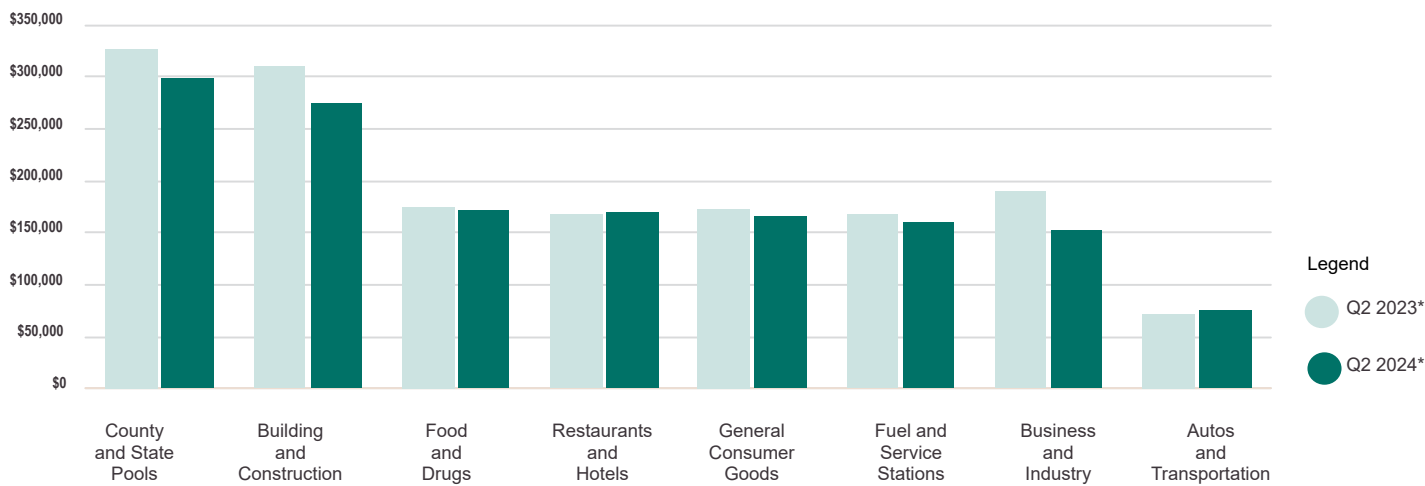
-0.6%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure D

TOTAL: \$1,151,899

↓ -3.8%

Measure X

TOTAL: \$1,151,861

↓ -3.9%



CITY OF MARTINEZ HIGHLIGHTS

Receipts for Martinez from April through June were 11.5% below the second sales period in 2023. Excluding reporting aberrations, actual sales were down 7.4%.

A combination of deflation for some supply prices and a decline in demand for home improvement projects pulled building-construction down 11% over the spring months. Year ago filings captured a spike in sales for some segments as light industrial activity decreased; a 20% decline emerged in the business-industry group.

Consumers remained cautious in their spending habits. Fewer trips occurred to casual dining venues. General consumer goods dwindled 4%, partially tied to sellers of fuel at some retailers. Related,

service stations 6% contraction reflected drivers paying less for gasoline at the pumps.

The City's receipts outcome weighed adversely on the formula for use tax distribution; allocations from the pool fell 9%.

Smaller payments from Measures D and X exposed vehicle related revenues. Totals fell due to a drop in car prices and transaction volumes; additionally, there were weaker material sales and construction related activity.

Net of aberrations, taxable sales for the Bay Area shrank 1.7%.



TOP 25 PRODUCERS

- | | |
|--------------------------|-------------------------------|
| 7 Eleven | Lucky Supermarket |
| ABC Supply Co | McDonald's |
| Ace Truckbox Center | Muir Shell |
| Alhambra Shell | Nob Hill Foods |
| Build Tek | Number One Concrete Ready Mix |
| Chevron | Platinum Motors |
| Copart | Quik Stop |
| Cresco Equipment Rentals | Safeway |
| CVS Pharmacy | Velvet Cannabis |
| Eco Services Operations | Walmart |
| Embarc Martinez | |
| Furber Saw | |
| Golden Gate Petroleum | |
| Home Depot | |
| Les Schwab Tire Center | |



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.

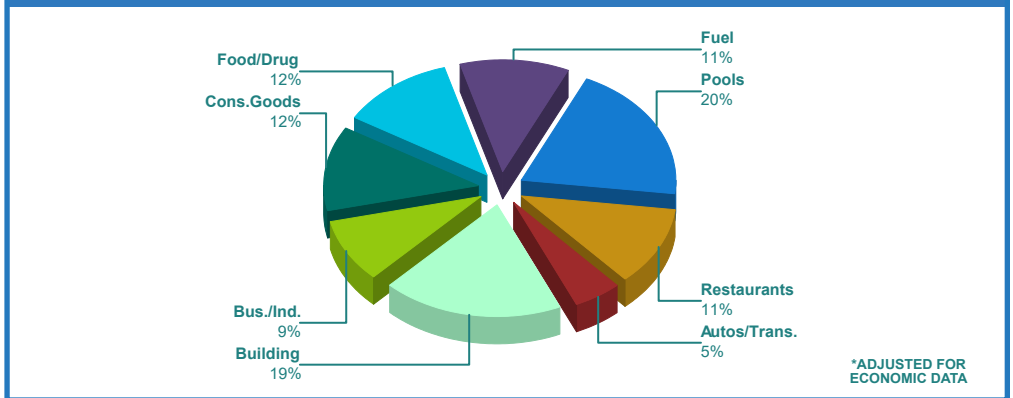
Restaurants experienced only a modest

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 Martinez This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Martinez Business Type	Q2 '24*	Change	County Change	HdL State Change
Building Materials	234.4	-10.4% ↓	-7.4% ↓	-3.0% ↓
Service Stations	121.0	-5.6% ↓	4.6% ↑	2.3% ↑
Casual Dining	83.8	-3.0% ↓	-0.6% ↓	0.8% ↑
Quick-Service Restaurants	66.4	1.7% ↑	0.0% ↑	1.2% ↑
Grocery Stores	66.2	4.0% ↑	0.4% ↑	1.6% ↑
Contractors	38.3	-17.0% ↓	-12.1% ↓	-0.2% ↓
Used Automotive Dealers	28.3	-0.2% ↓	-1.1% ↓	-7.0% ↓
Convenience Stores/Liquor	28.0	10.3% ↑	0.3% ↑	-0.5% ↓
Garden/Agricultural Supplies	25.3	19.5% ↑	-9.8% ↓	-6.8% ↓
Auto Repair Shops	21.2	3.7% ↑	-8.1% ↓	-4.0% ↓

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