

# CITY OF PLEASANTON

## SALES TAX UPDATE

### 2Q 2023 (APRIL - JUNE)



**PLEASANTON**

TOTAL: \$ 7,014,351

2.1%  
2Q2023



-9.4%  
COUNTY

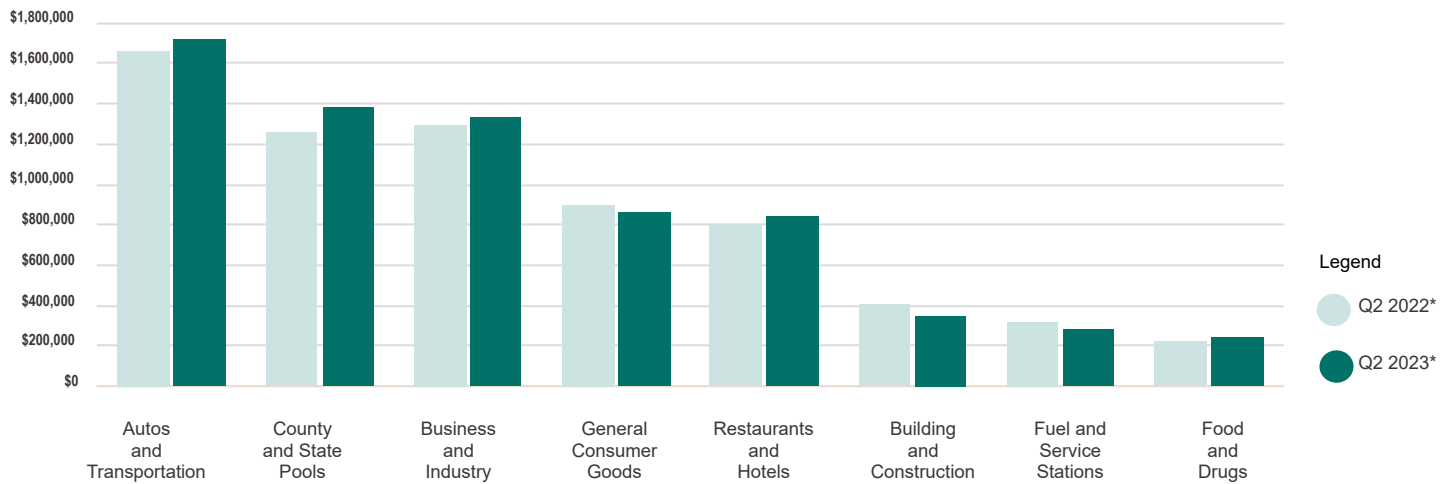


-3.0%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



## CITY OF PLEASANTON HIGHLIGHTS

Pleasanton's receipts from April through June were 10.5% above the second sales period in 2022. A \$450,000 unanticipated audit collection for taxes owed several years ago created the spike in cash collections. Excluding reporting aberrations, actual sales were up 2.1%.

Menu prices going up did not deter customers, casual dining returns rose 5%. RV sales occurred at the fairgrounds this spring and bettered the autos-transportation group, up 3%. However, car buyers felt the pinch of rising borrowing costs, which hurt new motor vehicle dealerships; those returns contracted 4%.

Cash basis place of sale increases plus steady ecommerce spending allowed for a 10% bump in the county pool's allocations.

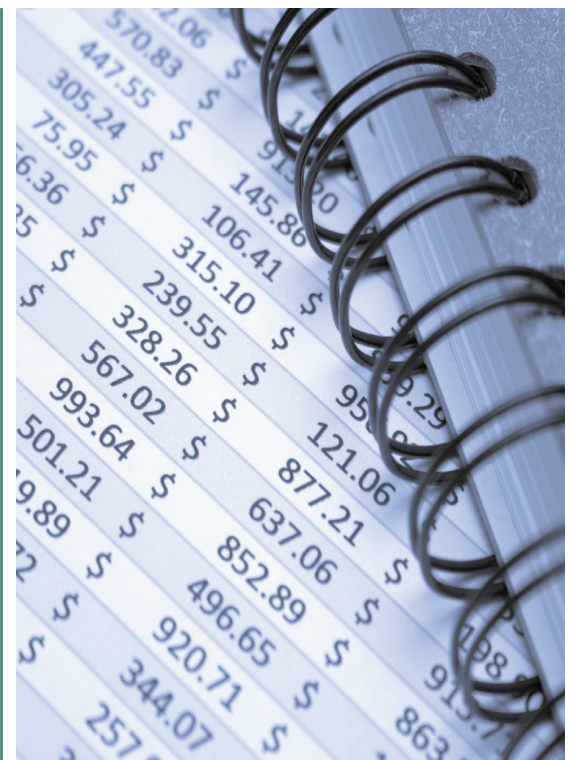
Service focused companies grew filings

34% while office equipment transactions soared higher 53%; these are the main reasons behind the business-industry category's 3% increase.

Onetime vendor payments at the County fair last year explained the decline from quick service restaurants; absent this anomaly, the segment posted a nominal gain.

Last year's job site permits allowed for temporary tax collections; when combined with falling lumber prices, building-construction comparisons saw a 14% reduction. Expected collapses in oil prices saved drivers money at the pump; it also translated to 11% fewer revenues from service stations.

Net of aberrations, taxable sales for all of Alameda County declined 9.4% over the comparable time period; the Bay Area was down 2.8%.



**HdL** Companies

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## 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.

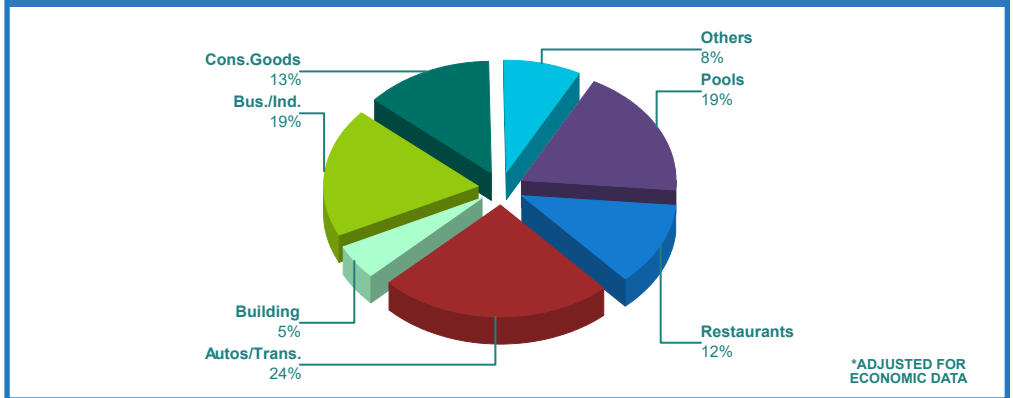
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets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



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Pleasanton Business Type	Q2 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,009.0	-4.0% ↓	-32.0% ↓	-0.3% ↓
Medical/Biotech	492.2	4.2% ↑	-19.7% ↓	-7.0% ↓
Casual Dining	454.9	5.2% ↑	4.6% ↑	4.5% ↑
Service Stations	277.7	-11.0% ↓	-21.7% ↓	-19.9% ↓
Business Services	180.4	34.3% ↑	8.4% ↑	-1.1% ↓
Quick-Service Restaurants	176.1	-10.7% ↓	3.8% ↑	3.2% ↑
Department Stores	168.6	-1.4% ↓	-2.7% ↓	-2.0% ↓
Auto Lease	155.8	35.3% ↑	-0.6% ↓	2.7% ↑
Contractors	138.8	-18.1% ↓	-1.1% ↓	-2.9% ↓
Grocery Stores	127.0	13.7% ↑	5.0% ↑	2.9% ↑

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