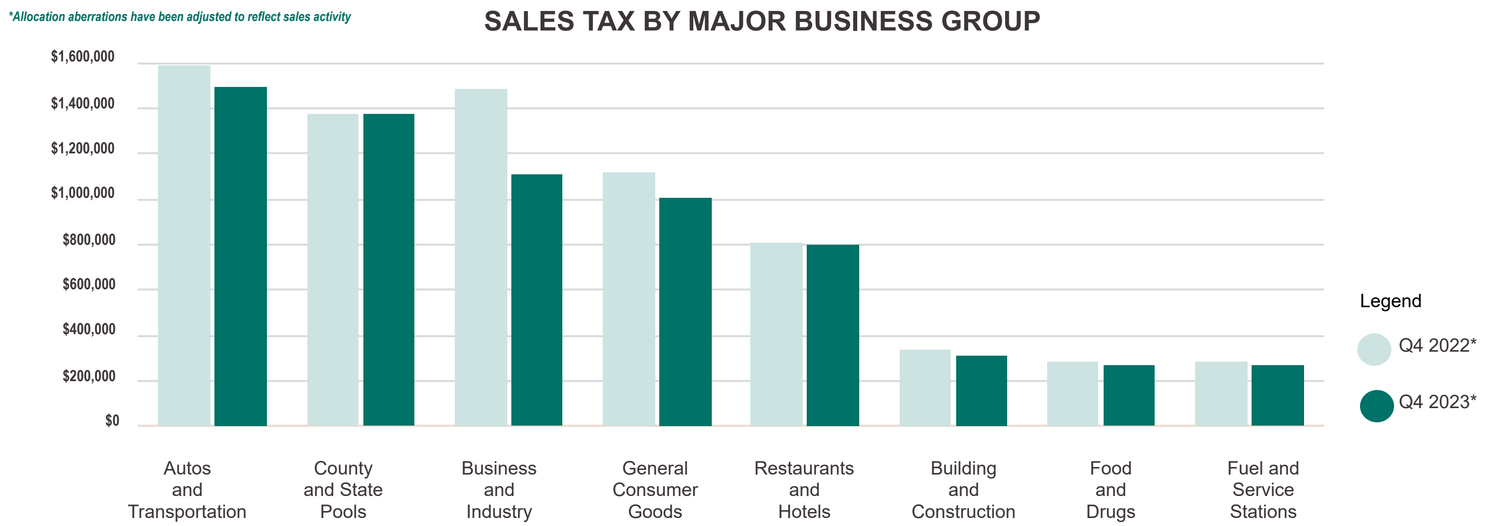
CITY OF PLEASANTON
SALES TAX UPDATE
4Q 2023 (OCTOBER - DECEMBER)

THE CITY OF PLEASANTON

PLEASANTON TOTAL: $ 6,636,387

-8.9% 4Q2023 | -13.0% COUNTY | -2.5% STATE



CITY OF PLEASANTON HIGHLIGHTS

Pleasanton's gross receipts from October through December were 6.2% below the fourth sales period in 2022. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were down 1.0%. Most tax groups declined for the period.

New car sales and transportation-rentals dropped, driving autos-transportation down 6.2%. Comparison to large, one-time allocations a year ago skewed business-industry results down – as did a weakening in medical biotech and business-services revenues.

In-store shopping dipped during the busy holiday season, with lower department and specialty store revenues contributing to the result. While casual dining and food delivery/catering receipts improved, overall returns landed down slightly.

Decreased building materials sales and reduced contractor activity caused a 5.6% drop in building-construction. A pullback in grocery and convenience store spending sent the food-drugs group into negative territory. The fluctuating price of crude oil negatively affected service station returns.

The City's allocation from the countywide use tax pool was essentially even compared to last year. A shift by online retailers to fill more internet orders from instate fulfillment centers instead of out-of-state locations results in some revenues moving out of the pools and into direct allocation.

Net of adjustments, taxable sales for all of Alameda County declined 13.0% over the comparable period; the Bay Area was down 4.8%.

TOP 25 PRODUCERS

HdL Companies

Published by HdL Companies in Spring 2024

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.

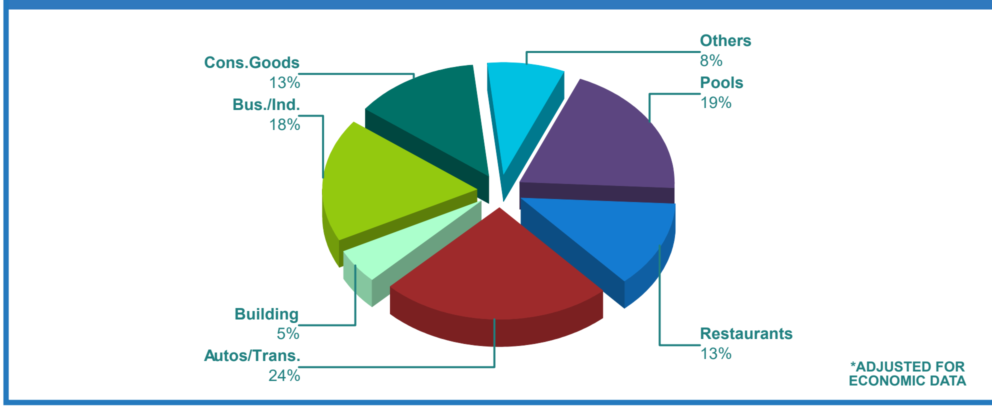
Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining 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 with 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.

REVENUE BY BUSINESS GROUP

Pleasanton This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Pleasanton Business Type	Q4 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	966.1	-12.3%	-49.6%	-7.7%
Casual Dining	453.5	1.2%	1.8%	1.8%
Medical/Biotech	420.9	-25.3%	-14.1%	-7.5%
Service Stations	261.2	-6.4%	-8.5%	-4.9%
Department Stores	215.7	-2.6%	22.9%	1.5%
Quick-Service Restaurants	170.2	-0.9%	-3.7%	0.3%
Grocery Stores	124.0	-7.4%	-6.0%	-4.6%
Contractors	114.3	-10.4%	9.1%	1.3%
Light Industrial/Printers	114.1	-0.9%	-9.9%	-6.5%
Family Apparel	112.7	-2.4%	-1.2%	-0.4%

Allocation aberrations have been adjusted to reflect sales activity

**In thousands of dollars*