

# CITY OF PLEASANTON

## SALES TAX UPDATE

### 2Q 2024 (APRIL - JUNE)



**PLEASANTON**

TOTAL: \$ 6,740,466

-0.1%

2Q2024



-3.0%

COUNTY



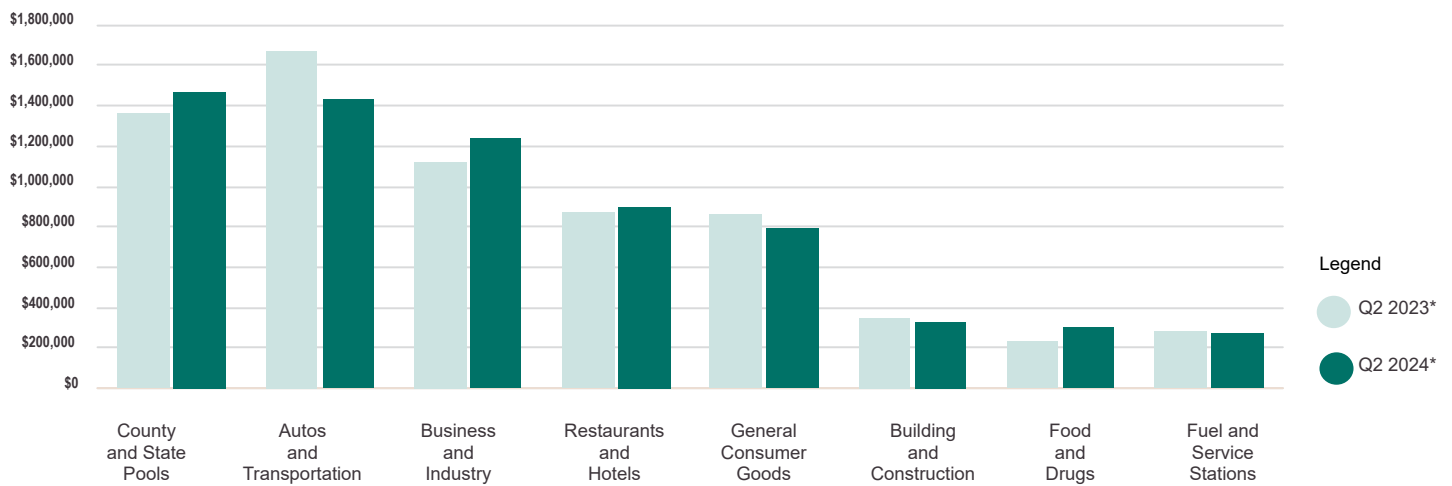
-0.6%

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 12.8% below the second sales period in 2023. Excluding reporting aberrations, actual sales were flat.

The auto-transportation group was hit hard by the slowing in new motor vehicle sales; the luxury auto sector has seen more slowing than the value sector, leading to bigger declines for the City than the statewide average.

Building-construction is experiencing deflation for most supplies and the slowing was furthered by a closure in the group. The general consumer goods group declines were caused by a drop in the electronics/appliance stores.

The business-industry group was up for a variety of reasons including growth in the medical/biotech category. A fluctuating reporter in another category

had a strong quarter and a taxpayer in business services had a payment missing in the comparable quarter.

A bright spot this quarter was in restaurants-hotels, which were up with strong performances by several outlets, including new establishments that helped push the group up even further.

Even though the point of sale was down, the City's portion of the pool grew because another agency in the countywide pool had a large negative adjustment.

Net of aberrations, taxable sales for all of Alameda County declined 3.0% over the comparable time period; the Bay Area was down 1.7%.





### 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.

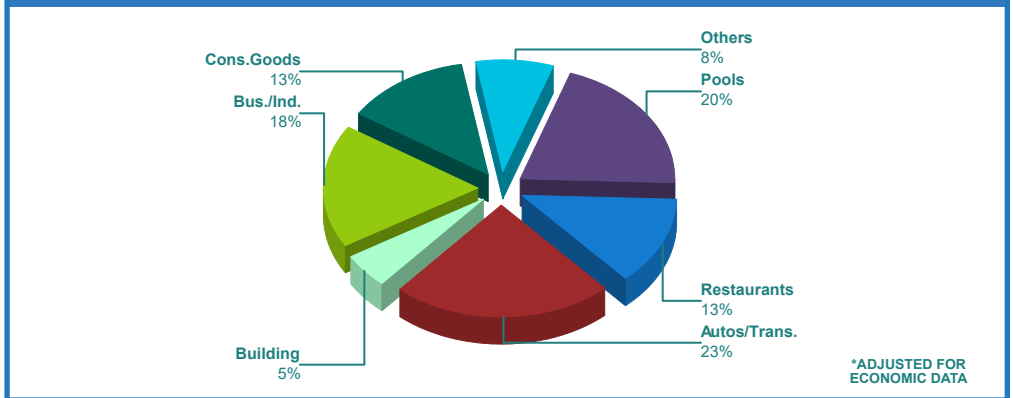
Restaurants experienced only a modest

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 Pleasanton This Fiscal Year\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Pleasanton Business Type	Q2 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	848.2	-15.9% ↓	-10.0% ↓	-7.7% ↓
Casual Dining	463.0	-1.5% ↓	0.7% ↑	0.7% ↑
Medical/Biotech	390.3	5.2% ↑	2.4% ↑	0.8% ↑
Service Stations	271.0	-2.4% ↓	-0.1% ↓	2.3% ↑
Quick-Service Restaurants	196.8	5.1% ↑	-0.7% ↓	1.2% ↑
Building Materials	185.8	-3.9% ↓	-7.4% ↓	-3.0% ↓
Department Stores	162.8	-3.4% ↓	-4.2% ↓	-5.1% ↓
Business Services	152.5	71.6% ↑	-14.3% ↓	1.6% ↑
Convenience Stores/Liquor	143.9	81.6% ↑	-0.7% ↓	-0.5% ↓
Contractors	135.6	-3.7% ↓	2.0% ↑	-0.2% ↓

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