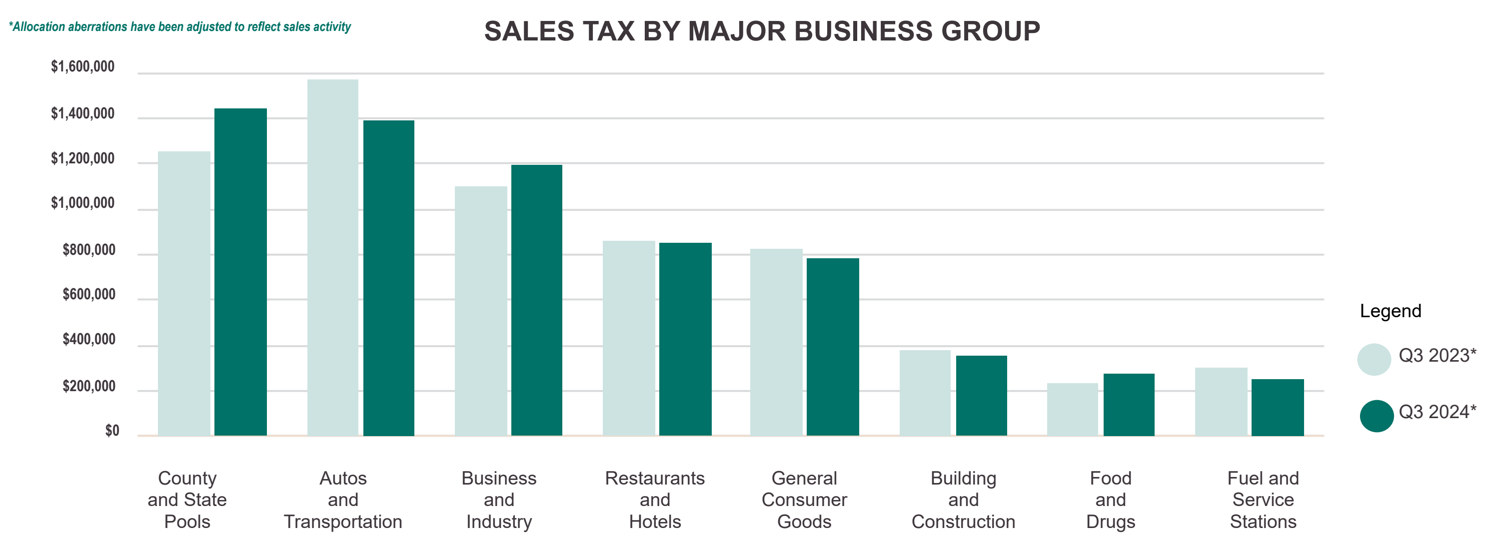
CITY OF PLEASANTON
SALES TAX UPDATE
3Q 2024 (JULY - SEPTEMBER)

PLEASANTON
TOTAL: $ 6,552,970

0.2% 3Q2024 ↑

0.0% COUNTY →

-2.3% STATE ↓



CITY OF PLEASANTON HIGHLIGHTS

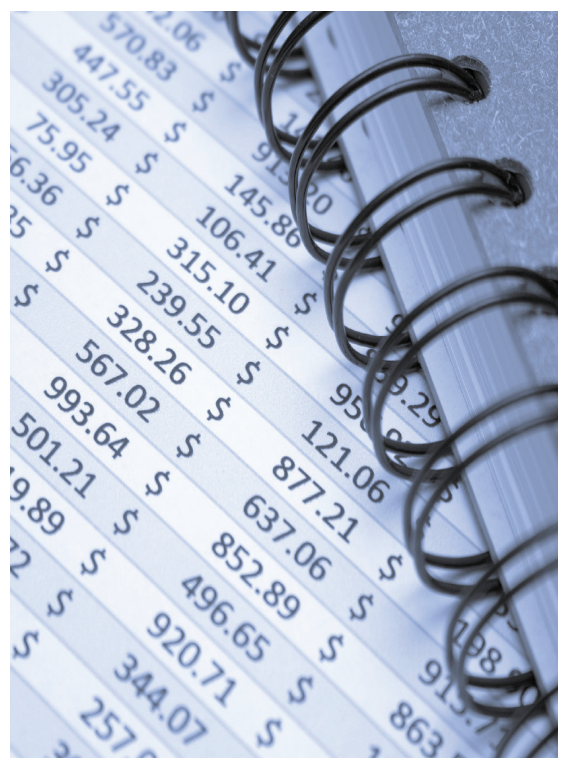
Pleasanton's gross receipts from July – September 2024 were 4.2% below the third sales period in 2023. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were essentially even at 0.2%. Most tax groups declined.

New and recreational vehicle sales slumped, resulting in a 14.7% drop in autos-transportation revenues – marking the fifth consecutive quarter of decline. The price of crude oil dropped during the period and directly affected fuel-service station receipts – with revenues sliding almost 17%.

Casual and quick service dining both waned – pulling down restaurant-hotels returns. In-store shopping receipts decreased, with department, electronics/appliances and specialty stores all contributing to a fall in general retail. Lower building materials sales and reduced contractor activity caused an 8.2% drop in building-construction.

On the positive, the City's allocation from the countywide use tax pool skyrocketed almost 15% due to pool share adjustments caused by a large taxpayer audit. Although medical/biotech payments decreased – gains in other business-industrial sectors, including business services and office equipment pulled the group up 8.4%. A large taxpayer payment made (possibly made in error) in the convenience/liquor store segment boosted food-drugs results.

Net of adjustments, taxable sales for all of Alameda County were flat over the comparable time period; the Bay Area was down 1.9%.



STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

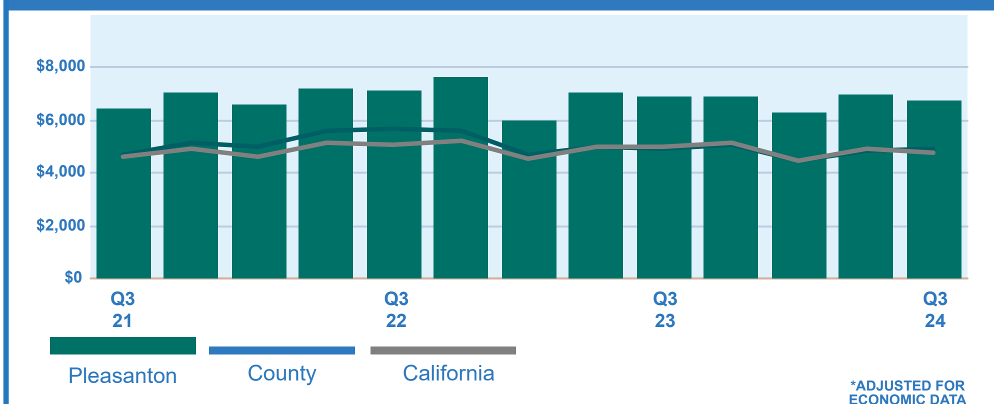
Brick-and-mortar general consumer retailers pulled back 3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments – consistent with spending trends in other sectors. State mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren't considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Pleasanton Business Type	Q3 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	857.9	-14.1%	-11.9%	-8.0%
Casual Dining	451.3	-1.0%	0.8%	1.1%
Medical/Biotech	424.9	-6.7%	-7.2%	-2.2%
Service Stations	251.0	-15.6%	-16.1%	-12.8%
Building Materials	201.0	-5.2%	-6.6%	-4.2%
Quick-Service Restaurants	188.2	-4.9%	0.7%	1.1%
Department Stores	142.5	-9.2%	-9.4%	-5.2%
Contractors	137.6	-12.3%	6.9%	-1.9%
Business Services	131.5	77.3%	12.6%	4.5%
Convenience Stores/Liquor	128.5	62.3%	-4.0%	-2.1%

Allocation aberrations have been adjusted to reflect sales activity

In thousands of dollars