

CITY OF SANTA MONICA

SALES TAX UPDATE

1Q 2024 (JANUARY - MARCH)



SANTA MONICA

TOTAL: \$ 9,048,080

-4.8%

1Q2024



-0.8%

COUNTY



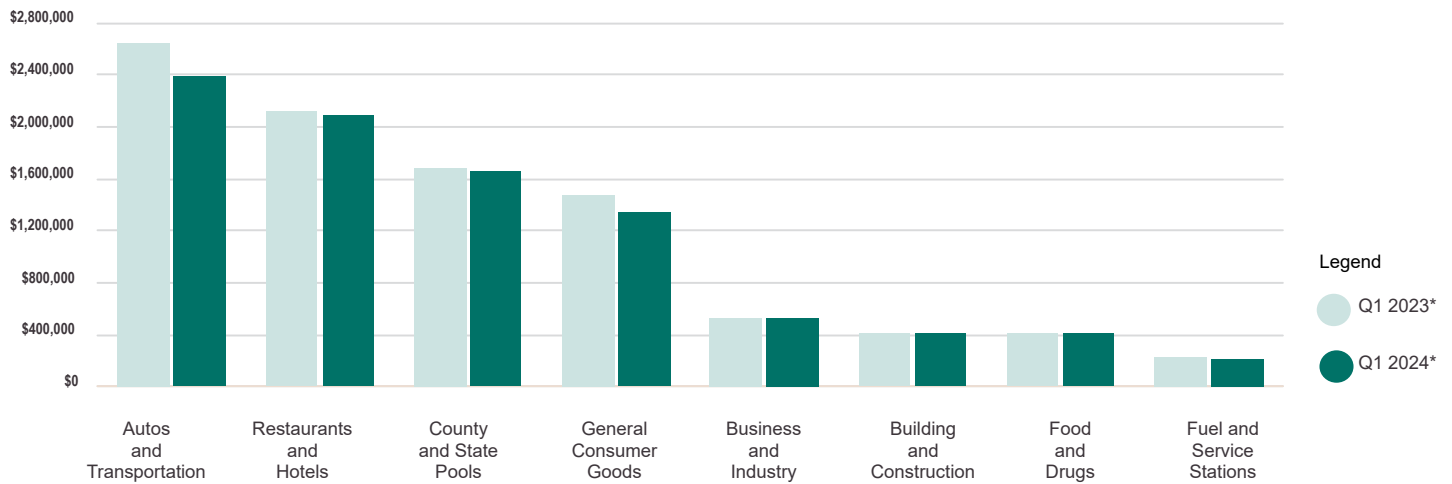
-0.2%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



TUT GSH

TOTAL: \$8,296,506

-1.6%



CITY OF SANTA MONICA HIGHLIGHTS

Santa Monica's receipts from January through March were 2.4% below the first sales period in 2023. However, after adjusting for reporting modifications such as audit corrections and delayed payments, actual sales were down 4.8%. Results varied by tax group.

Consumers pulled back on spending during the early months of the year. New car sales plummeted, coupled with a decline in auto leasing, autos-transportation revenues dropped significantly. Fewer sales at apparel and home furnishings stores contributed to a 9.5% fall in general consumer goods revenues.

Strong casual dining revenues were not quite enough to offset lower fine dining receipts, as well as a comparison to a large payment a year ago (due to a temporarily closed business) that skewed results down and netted a slightly negative restaurants-hotels result.

The reduction in sales tax revenues caused a 2.1% contraction in the City's allocation from the countywide use tax pool.

On the positive, business-industry posted even results compared to last year, with business-services and electrical equipment sales boosting returns. Similarly, building-construction edged into positive territory; and grocery store sales helping the food-drugs group.

Santa Monica's 1.0% district tax, Measure TUT, outperformed the Bradley-Burns tax results, largely on the strength of internet shopping and construction activity.

Net of adjustments, taxable sales for all of Los Angeles County declined 0.8% over the comparable time period; the Southern California region was flat.



TOP 25 PRODUCERS

Apple	Santa Monica Buick GMC
Audi Leasing Bentley Leasing	Santa Monica Ford Lincoln
Chevron Santa Monica	Shutters on the Beach
Elephante	Snyder Diamond
Fairmont Miramar Hotel	Subaru Santa Monica
Fame House	Tesla Motors
Ferguson Enterprises	Toyota Lease Trust
Honda Santa Monica	Toyota Santa Monica
Jaguar Land Rover Santa Monica	Volkswagen Santa Monica
Lexus Santa Monica	Water Grill/Pier Burger
Mercedes Benz Vehicle Trust	WI Simonson Mercedes
Ring	
Santa Monica Audi	
Santa Monica BMW	

HdL Companies



STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of January through March were 0.2% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year first quarter is traditionally the lowest sales tax generating period; however, returns were more on par with the comparison period.

One of the only sectors continuing to display declines was autos-transportation. High interest rates created more expensive long-term financing costs. Combined with a dramatic cost of insurance coverage rate spike, this group declined 7.5%.

Fuel and service stations was the other sector with a drop over last year. As California drivers embark on summer travel, they'll do so with slightly elevated gas prices versus 2023, probably yielding the final period of negative results for the category heading into 2025.

During this post-holiday shopping period, general consumer goods experienced a soft rebound with very modest 0.5% growth. Although retailers selling gas were hurt by fuel prices, it did not stop family apparel and department stores from lifting revenues.

Restaurant activity contributed constant growth of 2.1%. Only fine dining establishments remain hindered as more affordable menus are preferred. Also, it appears some eateries made operational changes while implementing AB 1228; however, there isn't enough data

yet to understand if this new bill impacted revenue.

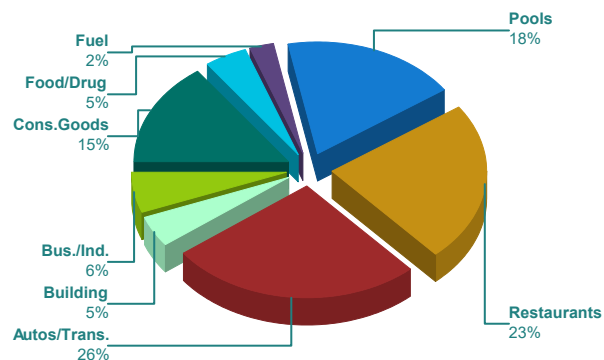
Seemingly dramatic one-time events helped boost business-industry, as investments in office supplies-furniture and energy projects were a significant reason for 3.6% gains this quarter. Additionally, strong fulfillment center direct payments demonstrated sustained logistical expansion. When coupled with improved returns via the countywide use tax pools, customers demonstrated e-commerce preferences for obtaining various goods. Overall

pool allocations improved 1.6%.

Statewide, 2024 begins in a more positive fashion compared to the recent trends of 2023. Buoyed 1st quarter results may signify 'the floor' helping ease tax revenue concerns while awaiting the next growth cycle. The Federal Reserve and their position with the Fed Funds Rate remains the most probable component between economic stagnation or spring-boarding consumer spending. Tourism and local travel in the coming summer period could further inspire confidence.

REVENUE BY BUSINESS GROUP

Santa Monica This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Santa Monica Business Type	Q1 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,766.2	-10.4% ↓	-5.8% ↓	-10.4% ↓
Casual Dining	912.7	2.6% ↑	2.1% ↑	2.4% ↑
Auto Lease	394.6	-4.1% ↓	1.1% ↑	4.2% ↑
Fine Dining	366.0	-6.0% ↓	-5.9% ↓	-5.2% ↓
Plumbing/Electrical Supplies	291.5	-2.2% ↓	-1.3% ↓	-4.3% ↓
Hotels/Motels	282.9	-8.1% ↓	-1.4% ↓	2.6% ↑
Grocery Stores	239.3	2.2% ↑	4.6% ↑	2.8% ↑
Quick-Service Restaurants	234.9	0.5% ↑	1.8% ↑	2.7% ↑
Family Apparel	229.5	-7.5% ↓	7.9% ↑	7.7% ↑
Service Stations	207.4	-5.7% ↓	-0.4% ↓	-0.9% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars