

CITY OF GLENDALE

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



GLENDALE

TOTAL: \$ 12,964,272

-4.2%

3Q2023



-2.4%

COUNTY



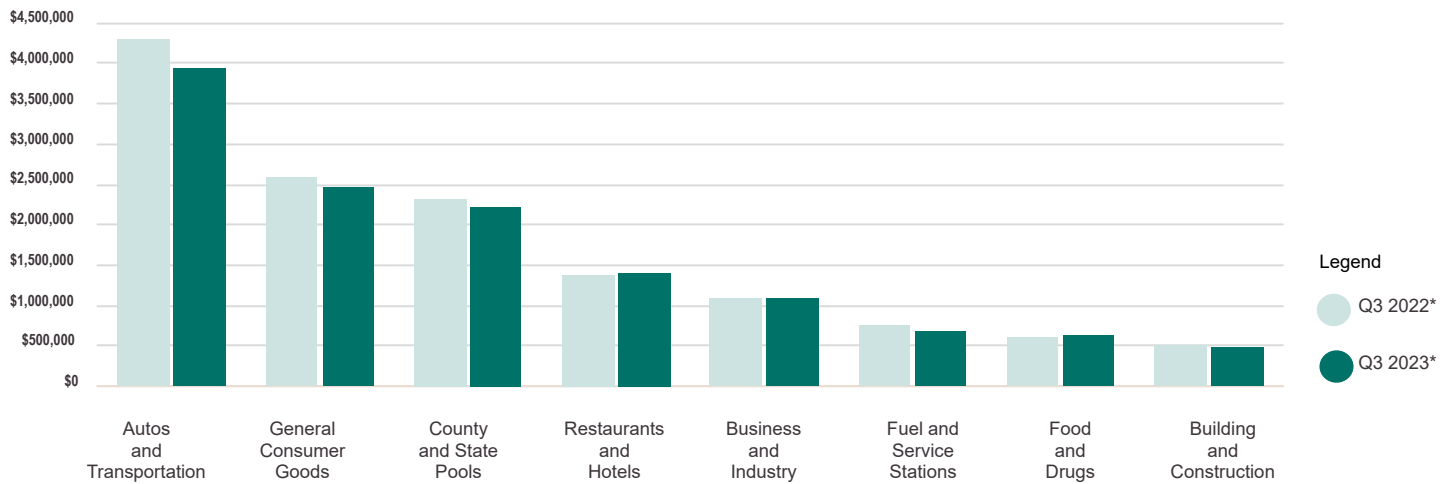
-1.7%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure S

TOTAL: \$8,333,479

↓ -2.8%



CITY OF GLENDALE HIGHLIGHTS

Glendale's receipts from July through September were 7.0% below the third sales period in 2022, though this was artificially deflated by an extra catch-up payment received last year from a local department store that made for a difficult comparison. Excluding this and other reporting aberrations, actual sales were down 4.2%.

The largest contributor to this decline was a decrease in tax revenue from new car sales as rising interest rates and high prices made for a challenging sales environment. However, it appears that a partial payment from a local dealership may have inflated the overall loss.

The sale of electronics and appliances also fell as consumers shifted their spending from the purchase of tangible goods to travel, leisure and entertainment.

The City's voter-approved 0.75% district tax, Measure S, outperformed the Bradley-Burns results previously discussed, largely due to strong internet shopping activity among residents.

Net of aberrations, taxable sales for all of Los Angeles County declined 2.4% over the comparable period; the Southern California region was down 1.4%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|--------------------|
| Allen Gwynn Chevrolet | Lexus of Glendale |
| Apple | Macy's |
| Bloomingdale's | New Century Honda |
| Bob Smith Toyota | Nordstrom |
| Calstar Mercedes | Pacific BMW |
| Car Pros Kia Glendale | Solar Optimum |
| CDW Direct | Star Auto Group |
| Financial Services Vehicle Trust | Target |
| Glendale Dodge Chrysler Jeep | Tesla Motors |
| Glendale Nissan | Toyota Lease Trust |
| Glendale Subaru/Mitsubishi | Toyota of Glendale |
| Home Depot | United Oil |
| Hyundai Lease Titling Trust | |



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

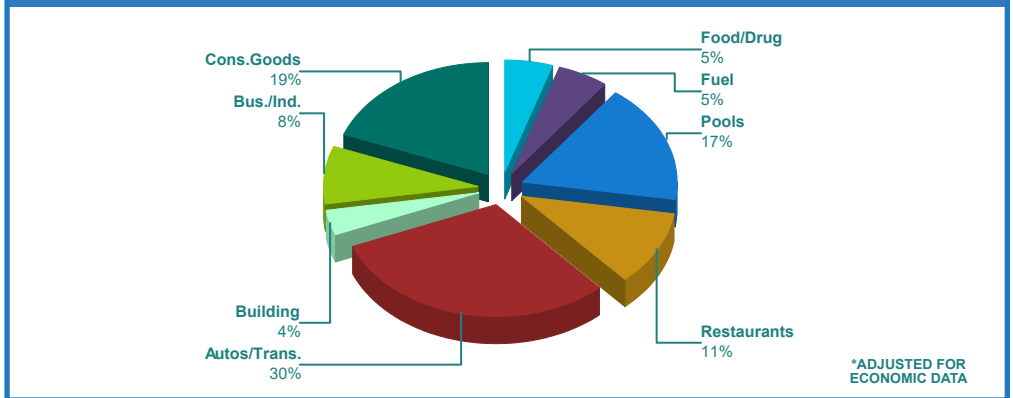
Despite continued increases of new car registrations, revenue from the autos-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP Glendale This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Glendale Business Type	Q3 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,865.0	-12.1% ↓	-3.1% ↓	-2.5% ↓
Casual Dining	724.0	-0.9% ↓	3.3% ↑	2.8% ↑
Service Stations	688.2	-7.4% ↓	-8.2% ↓	-7.3% ↓
Auto Lease	585.6	-1.9% ↓	-5.0% ↓	-0.4% ↓
Family Apparel	478.7	9.8% ↑	1.7% ↑	3.1% ↑
Department Stores	463.1	-3.0% ↓	-3.9% ↓	-1.7% ↓
Office Supplies/Furniture	439.3	-16.4% ↓	-8.1% ↓	-2.2% ↓
Quick-Service Restaurants	438.8	5.9% ↑	1.6% ↑	2.7% ↑
Electronics/Appliance Stores	287.5	-25.9% ↓	-16.7% ↓	-14.1% ↓
Specialty Stores	280.8	0.3% ↑	0.6% ↑	-1.9% ↓

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