

CITY OF EL MONTE

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



EL MONTE

TOTAL: \$ 6,199,359

0.6%
2Q2023



-4.2%
COUNTY

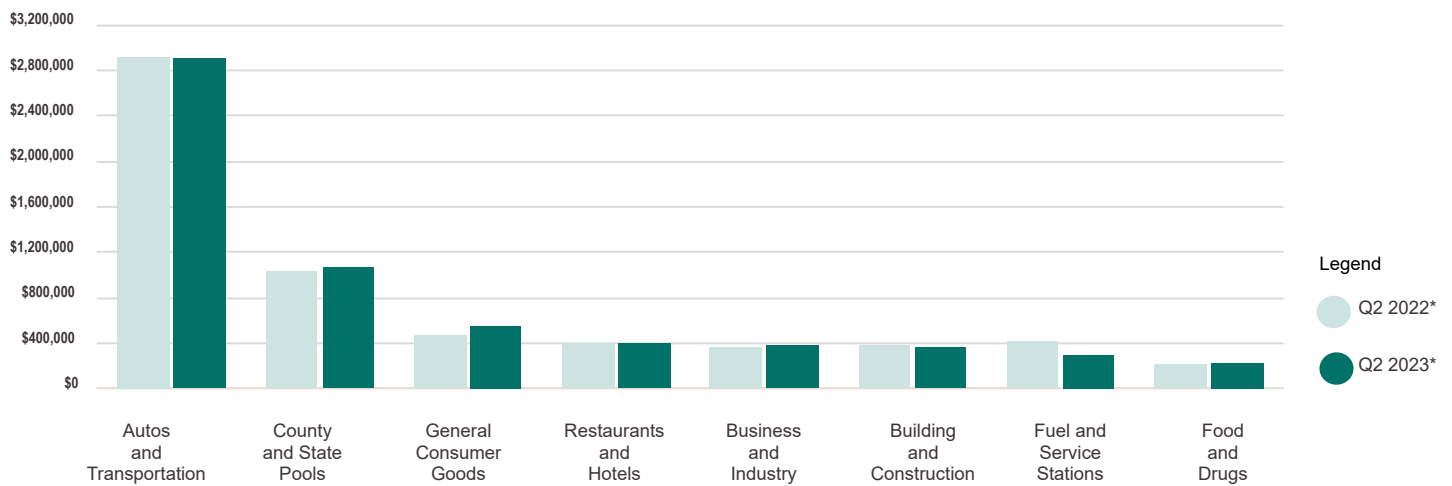


-3.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure EM

TOTAL: \$1,812,427

1.5%



CITY OF EL MONTE HIGHLIGHTS

El Monte's receipts from April through June were 3.8% above the second sales period in 2022. Excluding reporting aberrations, actual sales were up 0.6%.

Local new cars dealers adeptly managed the hurdles presented by rising financing rates and limited national vehicle inventories and were able to surpass the flat statewide trend with 5.4% sales growth.

A remodeling project undertaken by a local retail store was positive for the general consumer goods category. Sales were also strong within the food and drug industry group. Allocations from the countywide use-tax pool also grew, boosted by the City's relative performance.

Tax revenue from used car sales fell, however, as pricing slipped from last year's peak level. The sale of contractor supplies was also lower as the building industry struggled.

Measure EM, the City's voter-approved district tax, outperformed the Bradley-Burns results previously discussed, largely due to internet shopping and strong demand for new cars.

Net of aberrations, taxable sales for all of Los Angeles County declined 4.2% over the comparable time period; the Southern California region was down 3.0%.



TOP 25 PRODUCERS

- Airgas
- Arco
- Car Pros Honda El Monte
- Cardinaleway Hyundai Of El Monte
- Catalyst El Monte
- Chevron
- D R Office Works
- dd's Discounts
- Eastern Construction Supplies
- El Monte Nissan
- Element Vape
- Food 4 Less
- Ganas Auto
- Home Depot
- Longo Lexus
- Longo Toyota & Longo Scion
- Packs
- Ramona Arco
- Sams Club w/ Fuel
- SGV Hydroponics
- Sus Amigos Auto Center
- T & L Granite Countertop Warehouse
- Toyota Lease Trust
- United Oil
- United Site Services



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

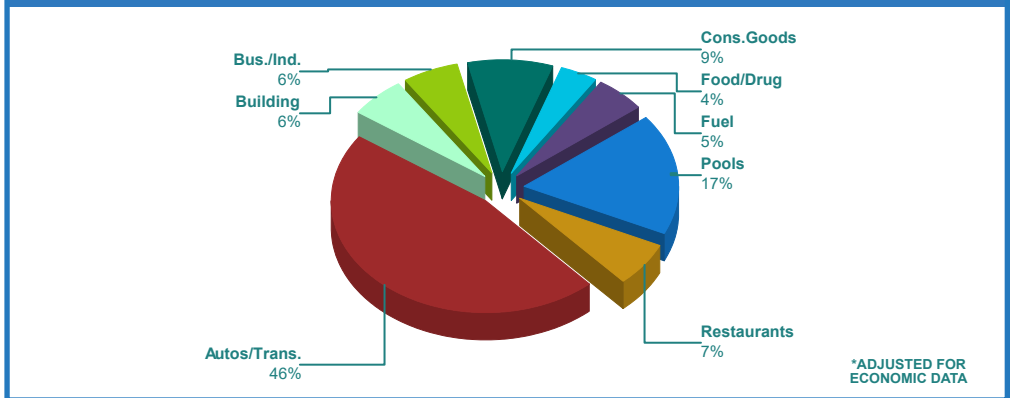
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

REVENUE BY BUSINESS GROUP El Monte This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

El Monte Business Type	Q2 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,445.5	5.4% ↑	-3.6% ↓	-0.3% ↓
Service Stations	297.6	-28.4% ↓	-21.7% ↓	-19.9% ↓
Quick-Service Restaurants	222.9	1.7% ↑	2.7% ↑	3.2% ↑
Used Automotive Dealers	147.5	-26.3% ↓	-10.9% ↓	-7.0% ↓
Casual Dining	137.5	-1.6% ↓	5.7% ↑	4.5% ↑
Grocery Stores	80.1	4.8% ↑	3.4% ↑	2.9% ↑
Contractors	69.1	-24.0% ↓	-3.1% ↓	-2.8% ↓
Heavy Industrial	65.0	4.8% ↑	-13.4% ↓	-5.9% ↓
Convenience Stores/Liquor	61.7	9.2% ↑	-3.3% ↓	-5.1% ↓
Auto Repair Shops	54.1	-44.7% ↓	-3.6% ↓	2.2% ↑

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