

# CITY OF CARPINTERIA

## SALES TAX UPDATE

### 2Q 2023 (APRIL - JUNE)



#### CARPINTERIA

TOTAL: \$ 528,320

-3.0%

2Q2023



-1.8%

COUNTY



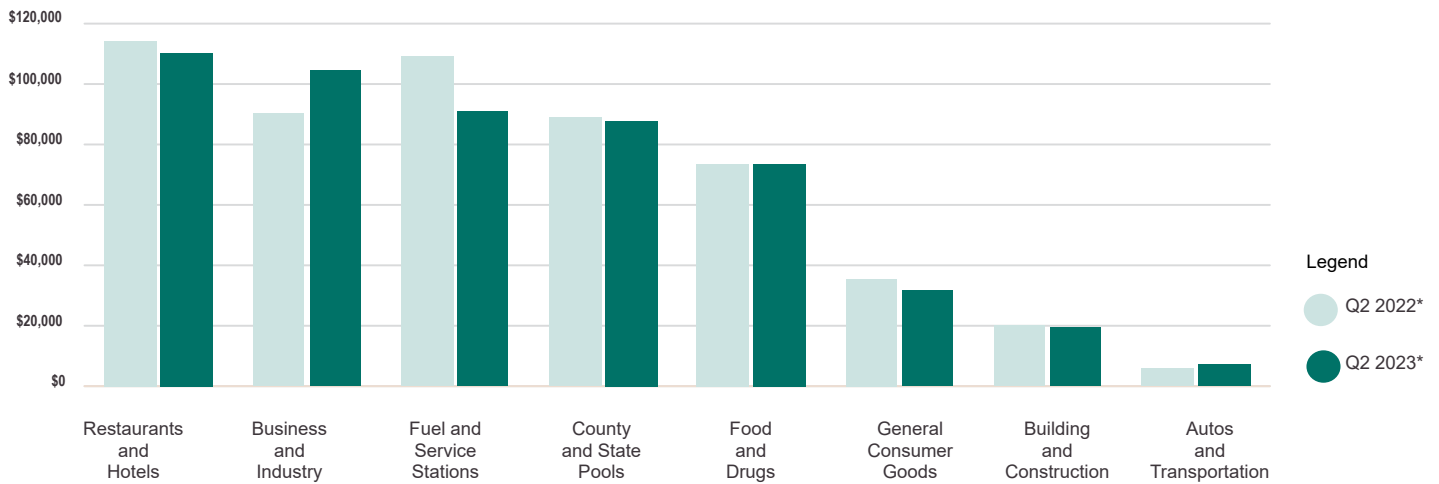
-2.9%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure X

TOTAL: \$956,780

↓ -5.7%



#### CITY OF CARPINTERIA HIGHLIGHTS

Carpinteria's receipts from April through June were 3.3% below the second sales period in 2022. Excluding reporting aberrations, actual sales were down 3.0%.

A drop in year-over-year gas prices hurt fuel-service station returns, largely leading to the overall drop. Softer sales by multiple general consumer retailers and restaurants further hindered the results.

Furthermore, a smaller allocation from the countywide use tax pool pull receipts lower. More tax revenue from online activity directed to the local place of sale of where the goods resided prior to purchase. In addition, other agencies

receiving a greater portion of the pool all played a factor in the outcome.

Partially offsetting the declines were stronger activity by multiple business-industrial merchants including drug/chemical vendors and garden/agricultural suppliers.

The City's transaction tax, Measure X, experienced similar results as above, with soft sales and lower fuel prices representing the largest portion of the drop.

Net of aberrations, taxable sales for all of Santa Barbara County declined 1.8% over the comparable time period; the Central Coast region was down 1.7%.



#### TOP 25 PRODUCERS

- |                             |                          |
|-----------------------------|--------------------------|
| 7 Eleven                    | Omni Catering            |
| Agilent Technologies        | Pro Health               |
| Albertsons                  | Rincon Brewery           |
| Arco AM PM                  | Risdons Union 76         |
| Carpinteria Valley Lumber   | Rite Aid                 |
| Chevron                     | Rockwell Printing        |
| CVS Pharmacy                | Rustys Pizza Parlor      |
| Delgados Mexican Restaurant | S&S Seeds                |
| Eye of the Day              | Shop Coolie              |
| Ipower Resale Group         | Siteone Landscape Supply |
| Jacks Bistro                | Smart & Final            |
| Little Doms Seafood         |                          |
| McDonald's                  |                          |
| Nusil Technology            |                          |



## 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 auto-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.

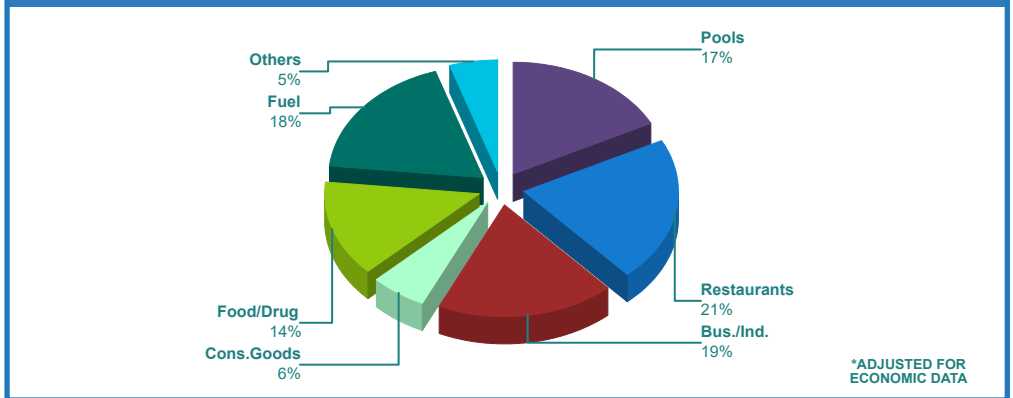
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets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



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Carpinteria Business Type	Q2 '23	Change	County Change	HdL State Change
Service Stations	91,066	-16.2% ↓	-17.6% ↓	-19.9% ↓
Casual Dining	79,697	-2.0% ↓	2.8% ↑	4.6% ↑
Garden/Agricultural Supplies	34,999	9.4% ↑	-2.8% ↓	-3.2% ↓
Quick-Service Restaurants	26,908	12.8% ↑	2.6% ↑	3.2% ↑
Convenience Stores/Liquor	20,609	-7.6% ↓	-4.8% ↓	-5.2% ↓
Drugs/Chemicals	13,867	18.3% ↑	6.4% ↑	2.4% ↑
Light Industrial/Printers	7,112	6.2% ↑	-2.5% ↓	-5.6% ↓
Specialty Stores	6,954	-17.6% ↓	1.2% ↑	-1.3% ↓
Family Apparel	4,651	-9.2% ↓	-3.0% ↓	-1.0% ↓
Electronics/Appliance Stores	4,107	-20.6% ↓	-10.5% ↓	-6.2% ↓

\*Allocation aberrations have been adjusted to reflect sales activity