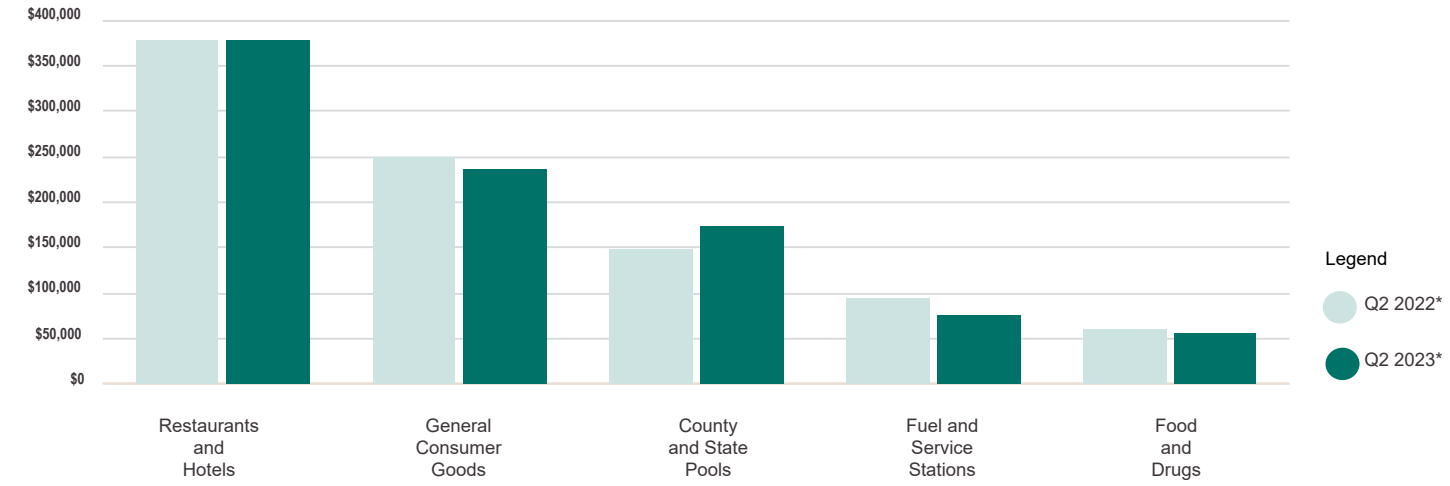
CITY OF PISMO BEACH
SALES TAX UPDATE
2Q 2023 (APRIL - JUNE)

PISMO BEACH						
TOTAL: $ 1,033,641	-0.8% 2Q2023	↓	-0.2% COUNTY	↓	-3.0% STATE	↓

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure I
TOTAL: $524,794
↓ -4.7%

CITY OF PISMO BEACH HIGHLIGHTS

Pismo Beach's receipts from April through June were 5.6% above the second sales period in 2022. Excluding reporting aberrations, actual sales were down 0.8%.

Current economic conditions of high inflation, high interest rates, and an overall decrease in consumer confidence resulted in tax revenue slowdowns. Fuel-service stations are being compared to historic pricing of 2022, such that the sector declined 21.6%.

Business-industry experienced positive results as businesses and consumers pushed the sector into favorable territory. Restaurants benefited as consumers continued to enjoy the ability to be outside, boosting the sector to a small but positive outcome.

Confidentiality requirements imposed by state law restrict the performance data that can be disclosed for certain business types given their limited size. Overall, autos-transportation and general consumer goods both posted decreases for the quarter.

Measure I, the City's transaction use tax, was down 4.7% for the quarter.

Net of aberrations, taxable sales for all of San Luis Obispo County declined 0.2% over the comparable time period; the Central Coast region was down 1.7%.

TOP 25 PRODUCERS

Arco AM PM
Brads Restaurant
California Fresh Market
Chevron
Cliffs at Shell Beach
Coach
Cool Cat Cafe
Cracked Crab
CVS Pharmacy
Dolphin Bay Lido Restaurant
Giuseppes Cucina
Hoagies
Me N Eds Pizzeria And Craft House
Nike
Panchos Surf Shop
Pismo 76
REC Solar
Ross
Sky River RV
Splash Cafe
Spyglass Shell
Teenie Wahine
Ventana Grill
Vista Steak & Seafood
Wooly's Oyster Loft

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.

SALES TAX RATE BREAKDOWN 7.75%

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
Pismo Beach Measure I (PSMO)	0.5000%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
Tax Rate Effective January 01, 2017	**7.7500%**

TOP NON-CONFIDENTIAL BUSINESS TYPES

Business Type	Q2 '23	Pismo Beach Change	County Change	HdL State Change
Casual Dining	226,296	1.3% ↑	1.2% ↑	4.5% ↑
Family Apparel	98,108	0.6% ↑	1.4% ↑	-0.9% ↓
Service Stations	74,425	-21.6% ↓	-13.2% ↓	-19.9% ↓
Hotels/Motels	45,245	-12.1% ↓	-27.6% ↓	1.3% ↑
Shoe Stores	44,100	-4.1% ↓	-1.2% ↓	-0.8% ↓
Quick-Service Restaurants	35,709	6.8% ↑	5.5% ↑	3.2% ↑
Sporting Goods/Bike Stores	29,583	-1.3% ↓	-8.3% ↓	-9.1% ↓
Women's Apparel	27,559	-13.3% ↓	-12.1% ↓	-8.5% ↓
Fast-Casual Restaurants	20,313	2.8% ↑	3.8% ↑	4.0% ↑
Specialty Stores	16,682	-8.0% ↓	3.4% ↑	-1.3% ↓

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