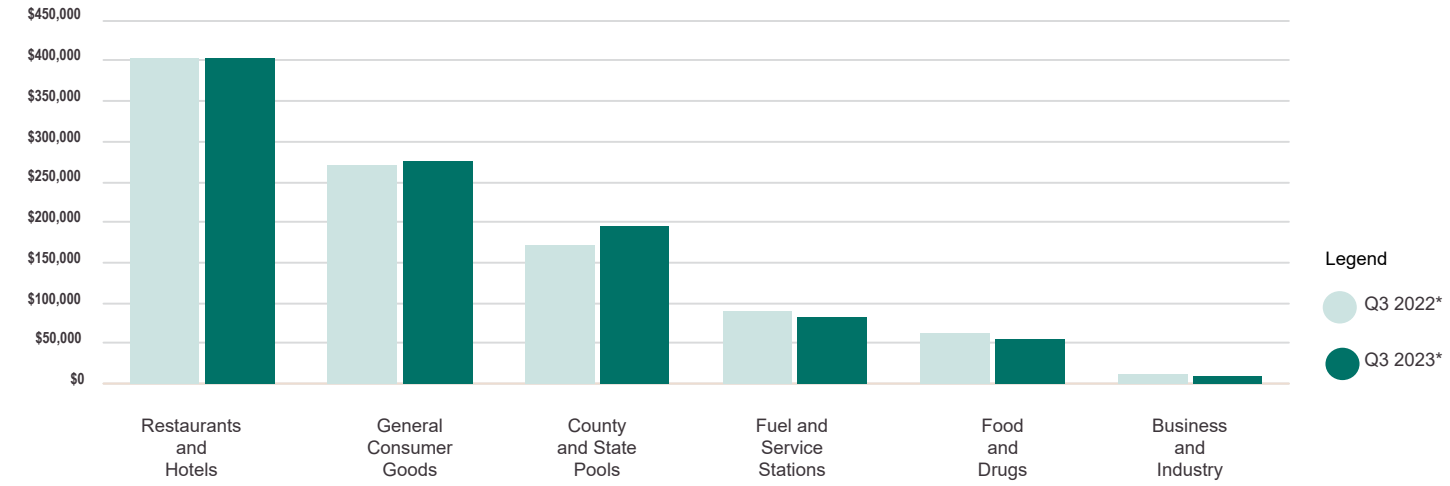
# CITY OF PISMO BEACH
## SALES TAX UPDATE
### 3Q 2023 (JULY - SEPTEMBER)

| PISMO BEACH | 0.1% | 0.5% | -1.7% |
|---|---|---|---|
| TOTAL: $ 1,095,193 | 3Q2023 | COUNTY | STATE |

*Allocation aberrations have been adjusted to reflect sales activity

**SALES TAX BY MAJOR BUSINESS GROUP**




**Measure I**
TOTAL: $564,913
-1.2%

## CITY OF PISMO BEACH HIGHLIGHTS

Pismo Beach's receipts from July through September were 1.2% above the third sales period in 2022. Excluding reporting aberrations, actual sales were flat.

Confidentiality requirements imposed by state law restrict the performance data that can be disclosed for certain business types given their limited size. However, categories exempt from this restriction are emphasized below.

Countering the current national decline in the general consumer goods, shoppers pushed the sector to a positive 1.1% growth with family apparel experiencing strong sales. Restaurants were flat for the quarter as consumers began to experience the need to make decisions on eating out as menu prices continued to increase.

Fuel-service stations remained down as results are compared to the historic pricing of 2022, with the sector decling 9.7%. Business-industry as well as building-construction dropped 14.5% and 12.4%, respectively.

The City's voter-approved transaction tax, Measure I, generated 51.6% of the Bradley Burns sales tax.

Net of aberrations, taxable sales for all of San Luis Obispo County grew 0.5% over the comparable time period; the Central Coast region was flat.

## TOP 25 PRODUCERS

Arco AM PM
Brads Restaurant
California Fresh Market
Chevron
Cliffs at Shell Beach
Coach
Cool Cat Cafe
Cracked Crab
Dolphin Bay Lido Restaurant
Giuseppes Cucina
Hot Topic
Levis Outlet
McDonald's
Me N Eds Pizzeria And Craft House
Nike
Panchos Surf Shop
Pismo 76
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 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.

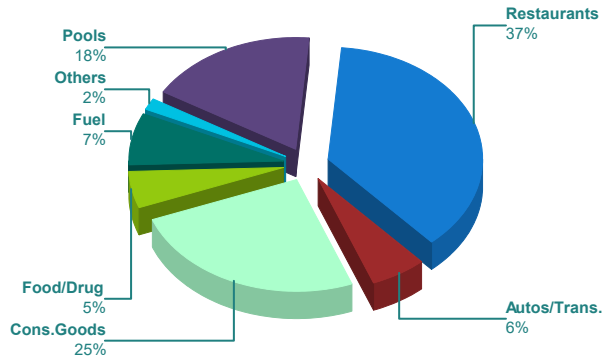
Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses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

### Pismo Beach This Quarter*




*ADJUSTED FOR ECONOMIC DATA

## TOP NON-CONFIDENTIAL BUSINESS TYPES

| Pismo Beach Business Type | Q3 '23 | Change | County Change | HdL State Change |
|---|---|---|---|---|
| Casual Dining | 251,822 | 1.7% | 0.1% | 2.7% |
| Family Apparel | 125,756 | 8.9% | 7.3% | 3.2% |
| Service Stations | 81,275 | -9.7% | -4.7% | -7.3% |
| Shoe Stores | 52,247 | -7.5% | -4.2% | -1.8% |
| Hotels/Motels | 51,677 | 9.8% | -2.5% | 0.8% |
| Quick-Service Restaurants | 35,216 | -1.6% | 4.0% | 2.7% |
| Sporting Goods/Bike Stores | 34,020 | 0.7% | -2.9% | -4.8% |
| Women's Apparel | 27,076 | -9.7% | -9.7% | -3.3% |
| Convenience Stores/Liquor | 16,594 | -11.1% | -8.5% | -10.0% |
| Specialty Stores | 12,975 | -13.0% | -6.2% | -1.9% |

*Allocation aberrations have been adjusted to reflect sales activity*