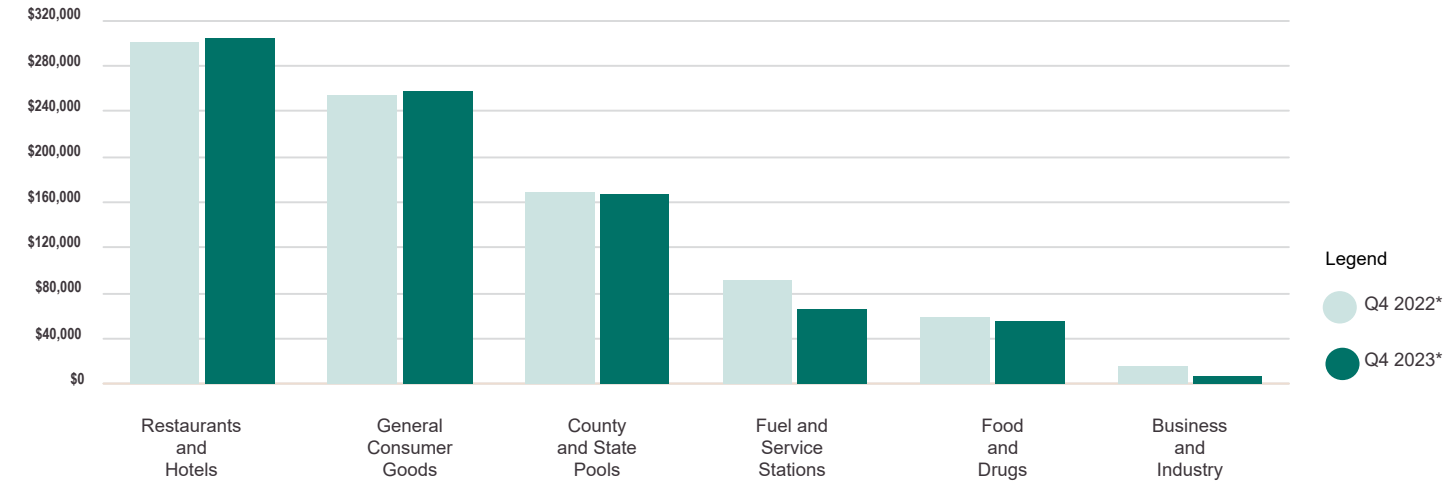
CITY OF PISMO BEACH
SALES TAX UPDATE
4Q 2023 (OCTOBER - DECEMBER)

PISMO BEACH	-6.0%	-2.8%	-2.5%
TOTAL: $ 918,744	4Q2023	COUNTY	STATE

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure I
TOTAL: $503,392
-1.0%

CITY OF PISMO BEACH HIGHLIGHTS

Pismo Beach's receipts for October to December dipped by 5.0% compared to the fourth sales period in 2022. Excluding anomalies, sales saw a 6.0% decrease.

Confidentiality requirements mandated by the state limit detailed disclosure for certain tax groups and business types this quarter. However, it's legally permissible to note that sizable payments from a local service station and a business-industrial entity last year, which were significantly larger than normal, made for challenging comparisons and contributed to the overall decline.

Positive highlights this quarter include the opening of a new retail outlet. After dramatically outperforming during the pandemic, the local restaurant-hotel industry trailed the statewide trend for nine consecutive quarters post-pandemic. However, this quarter saw local results slightly outshine the California average, signaling a comeback into alignment between local results and statewide returns.

Measure I, Pismo Beach's district tax, declined but surpassed the Bradley-Burns results thanks largely to increased purchases of business-industrial supplies.

Adjusted for anomalies, sales for San Luis Obispo County declined by 2.8% over the same period; the Central Coast region was down 1.4%.

TOP 25 PRODUCERS

Arco AM PM
California Fresh Market
Calvin Klein
Chevron
Cliffs at Shell Beach
Coach
Cool Cat Cafe
CVS Pharmacy
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
Ralph Lauren
Ross
Sky River RV
Splash Cafe
Vans
Ventana Grill
Vista Steak & Seafood
Wooly's Oyster Loft

STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women's apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

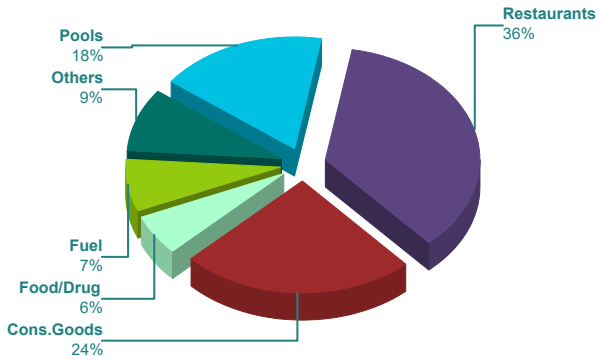
Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for 'fast food restaurants', on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady, pool collections contracted more taxes allocated directly to local agencies via in-state fulfillment and through existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.

REVENUE BY BUSINESS GROUP

Pismo Beach This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Pismo Beach Business Type	Q4 '23	Change	County Change	HdL State Change
Casual Dining	189,648	1.6%	1.4%	1.8%
Family Apparel	118,253	6.2%	10.9%	-0.4%
Service Stations	65,918	-28.2%	-3.7%	-4.9%
Shoe Stores	50,047	1.1%	-5.1%	-6.3%
Hotels/Motels	43,601	2.2%	0.5%	0.9%
Women's Apparel	30,019	-8.4%	-13.6%	-6.1%
Quick-Service Restaurants	27,689	-9.5%	3.7%	0.4%
Specialty Stores	20,395	3.9%	-5.2%	-2.1%
Sporting Goods/Bike Stores	19,779	-13.1%	-11.1%	-7.2%
Fast-Casual Restaurants	14,582	25.8%	6.2%	1.6%

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