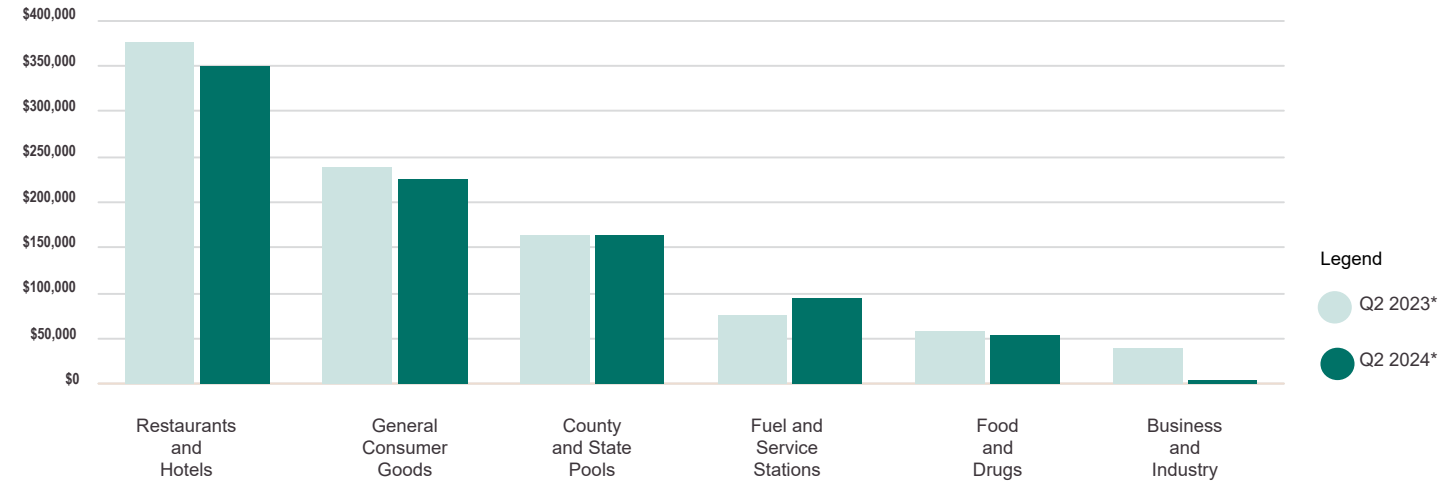
# CITY OF PISMO BEACH
## SALES TAX UPDATE
### 2Q 2024 (APRIL - JUNE)

| PISMO BEACH | -6.5% | -0.5% | -0.7% |
|---|---|---|---|
| TOTAL: $ 958,410 | 2Q2024 | COUNTY | STATE |

*Allocation aberrations have been adjusted to reflect sales activity

**SALES TAX BY MAJOR BUSINESS GROUP**




**Measure I**
TOTAL: $509,974
-3.1%

## CITY OF PISMO BEACH HIGHLIGHTS

Pismo Beach's receipts from April through June were 7.6% below the second sales period in 2023. Excluding reporting anomalies, actual sales were down 6.5%.

An unusually large taxpayer allocation last year created a challenging comparison and was the largest single factor in this quarter's decline.

Local restaurant returns also fell, significantly underperforming the already tepid statewide trend. Tourists are recalibrating travel plans, focusing more on cruises or international travel, and rising menu prices have led to reduced customer traffic in restaurants, with some consumers dining out less to manage costs. Spending at local hotels also decreased, and consumer retail spending mirrored this shift.

On a positive note, the quarter saw the opening of a new fueling station.

Measure I also declined but outperformed the Bradley-Burns results. As a different type of tax, it wasn't negatively impacted by last year's large taxpayer allocation.

Excluding anomalies, taxable sales for all of San Luis Obispo County declined by 0.5% over the comparable period, while the Central Coast region saw a 0.4% increase.

## TOP 25 PRODUCERS

Arco AM PM
Brads Restaurant
California Fresh Market
Chevron
Cliffs at Shell Beach
Coach
Cool Cat Cafe
CVS Pharmacy
Giuseppes Cucina
Levis Outlet
Lido at Dolphin Bay
McDonald's
Nike
Pismo 76
Pismo Supply Co
Poppy Pismo Beach
Ross
Sky River RV
Splash Cafe
Spyglass Shell
Teenie Wahine
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 April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it's only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men's and women's apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper's preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

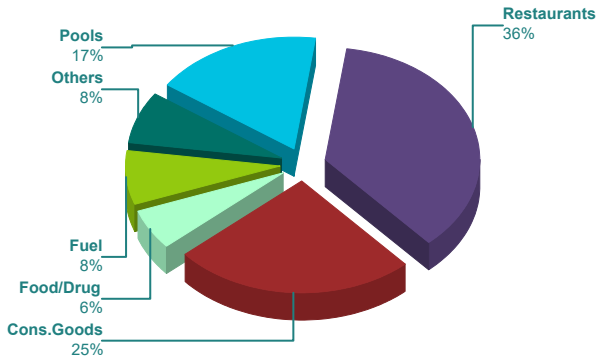
Restaurants experienced only a modest gain of 0.7%. As AB 1228 is enacted – state law increasing California's minimum wage at designated eateries – third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

## REVENUE BY BUSINESS GROUP

**Pismo Beach This Fiscal Year***




*ADJUSTED FOR ECONOMIC DATA

## TOP NON-CONFIDENTIAL BUSINESS TYPES

| Business Type | Q2 '24 | Pismo Beach Change | County Change | HdL State Change |
|---|---|---|---|---|
| Casual Dining | 221,864 | -7.7% | -3.4% | 0.7% |
| Family Apparel | 99,583 | 0.9% | -1.9% | 0.9% |
| Service Stations | 94,589 | 26.7% | 2.2% | 2.3% |
| Hotels/Motels | 43,848 | -3.1% | -1.6% | 1.5% |
| Shoe Stores | 38,798 | -5.6% | 1.8% | -4.7% |
| Quick-Service Restaurants | 28,848 | -20.8% | -2.5% | 1.1% |
| Sporting Goods/Bike Stores | 27,290 | -7.8% | -5.4% | -0.4% |
| Women's Apparel | 24,953 | -10.8% | -8.7% | -6.6% |
| Fast-Casual Restaurants | 21,054 | 20.2% | 4.4% | 3.2% |
| Specialty Stores | 15,921 | -10.1% | -5.1% | -4.6% |

*Allocation aberrations have been adjusted to reflect sales activity*