

CITY OF GLENDALE

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



GLENDALE

TOTAL: \$ 13,550,742

-3.0%

2Q2023



-4.2%

COUNTY



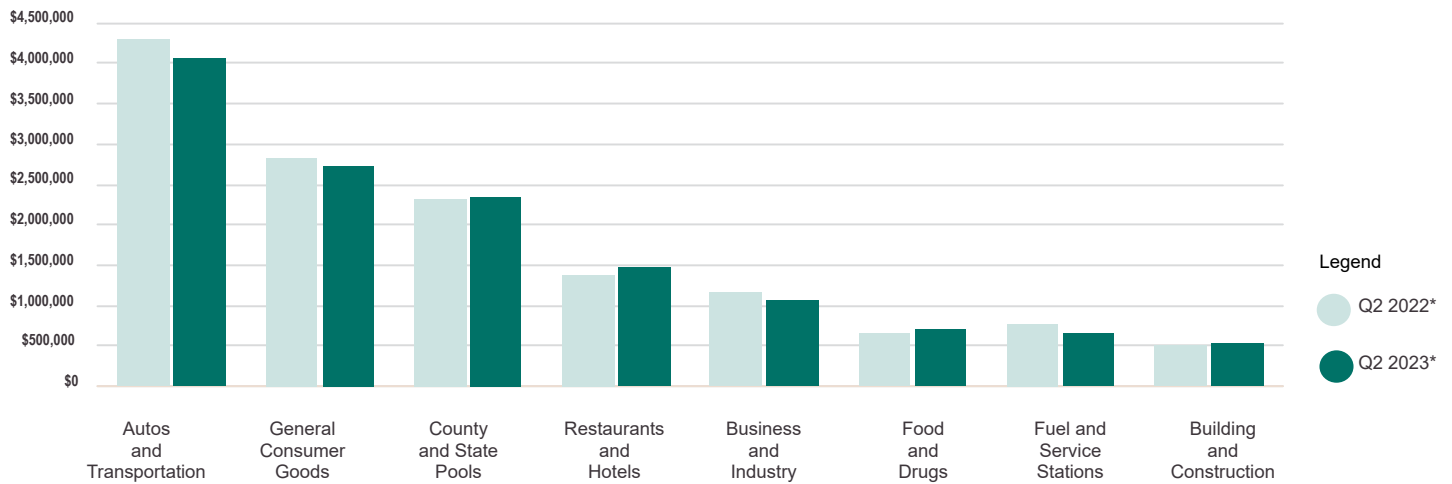
-3.0%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure S

TOTAL: \$8,654,226

↓ -1.2%



CITY OF GLENDALE HIGHLIGHTS

Glendale's receipts from April through June 2023 were .2% above the second sales period in 2022. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were down 3.0%. Results were mixed among the tax groups.

New car sales slumped 10% and drove down auto-transportation receipts - even with a positive jolt from leasing revenues. General consumer goods, edged down as cautious consumers pulled back on retail spending, with most sectors declining.

Business-industry felt the sting of significantly lower office supply-furniture sales. Fluctuations in the price of crude oil and lower consumption contributed to a 16.6% drop in fuel-service station.

On the positive, while the countywide use tax pool dipped due to waning ecommerce and third-party auto sales, the City's allocation edged up .9%. People enjoyed the experience of dining out at casual and quick service restaurants during the spring months. Building-construction also rose with help from contractor activity.

Voter-approved Measure S posted similar results with largest decline in service station revenues.

Net of adjustments, taxable sales for all of Los Angeles County declined 4.2% over the comparable time period; the Southern California region was down 3.0%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|--------------------------|
| Apple | Macy's |
| Bloomington's | New Century Honda |
| Bob Smith Toyota | Nordstrom |
| Calstar Mercedes | Pacific BMW |
| Car Pros Kia Glendale | Pirch |
| CDW Direct | Solar Optimum |
| Financial Services Vehicle Trust | Star Auto Group |
| Glendale Dodge Chrysler Jeep | Target |
| Glendale Nissan | Tesla Motors |
| Glendale Subaru/Mitsubishi | Toyota Lease Trust |
| Home Depot | Toyota of Glendale Scion |
| Hyundai Lease Titling Trust | United Oil |
| Lexus of Glendale | |



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.

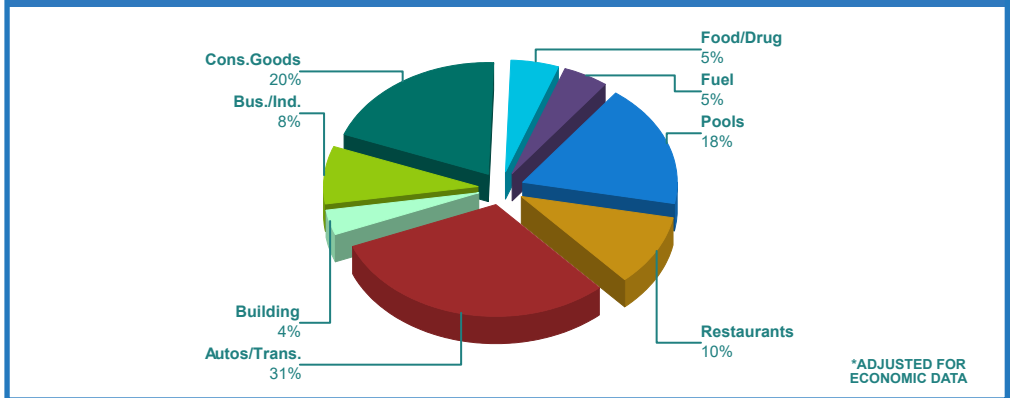
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets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

REVENUE BY BUSINESS GROUP
Glendale This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Glendale Business Type	Q2 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,910.5	-9.7% ↓	-3.6% ↓	-0.3% ↓
Casual Dining	776.2	3.2% ↑	5.7% ↑	4.5% ↑
Auto Lease	660.1	9.3% ↑	2.0% ↑	3.0% ↑
Service Stations	646.8	-16.6% ↓	-21.7% ↓	-19.9% ↓
Department Stores	527.9	-4.0% ↓	-4.5% ↓	-2.0% ↓
Family Apparel	481.9	2.2% ↑	-2.6% ↓	-1.0% ↓
Quick-Service Restaurants	446.8	7.7% ↑	2.7% ↑	3.2% ↑
Electronics/Appliance Stores	402.0	20.2% ↑	-8.8% ↓	-6.3% ↓
Grocery Stores	317.2	5.3% ↑	3.4% ↑	2.9% ↑
Specialty Stores	308.1	0.2% ↑	1.2% ↑	-1.3% ↓

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars