

CITY OF OCEANSIDE

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



OCEANSIDE

TOTAL: \$ 7,388,862

0.4%
3Q2023



0.9%
COUNTY

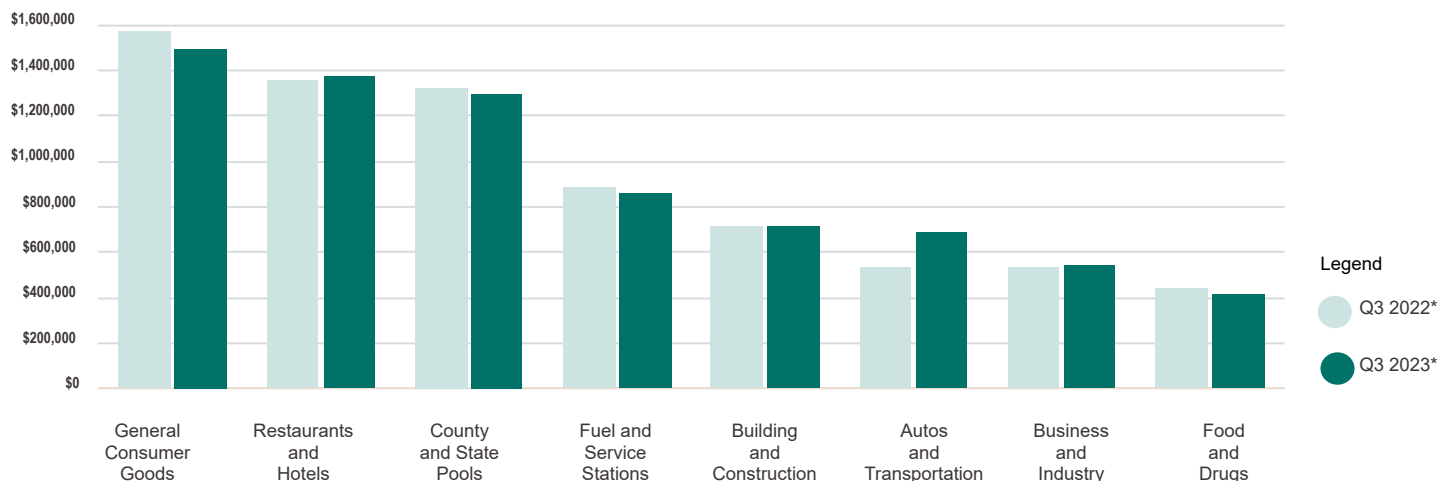


-1.7%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure X

TOTAL: \$4,819,538

↑ 1.3%



CITY OF OCEANSIDE HIGHLIGHTS

Oceanside's receipts from July through September were 0.3% below the third sales period in 2022. Excluding reporting aberrations, actual sales were up 0.4%, outperforming the negative state and regional trend.

The largest factor in this superior result was the opening within the last year of a new auto-transportation merchant that is now among the City's largest taxpayers.

Several new additions in the fast casual restaurant category further boosted returns.

Retail sales were generally lower, however, as consumers shifted their

spending from the purchase of tangible goods to services, travel, leisure, and entertainment. A payment error was likely responsible for the decrease in tax revenue from auto repair shops.

Measure X, the City's voter-approved 0.50% district tax, slightly outperformed the Bradley-Burns results previously discussed, benefiting from strong construction spending on local projects.

Net of aberrations, taxable sales for all of San Diego County grew 0.9% over the comparable period; the Southern California region was down 1.5%.



TOP 25 PRODUCERS

Albertsons
Arco AM PM
Best Buy
Carmax
Chevron
Circle K
CVS Pharmacy
Discount Tire
Express Fuel
G&M
Home Depot
In N Out Burger
Krannich Solar West
Lowe's
McDonald's
Melrose Shell

Mohsen Oil
Mossy Nissan
One Source Distributors
Ross
Superior Ready Mix
Target
TJ Maxx
United Oil
Walmart Supercenter



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.

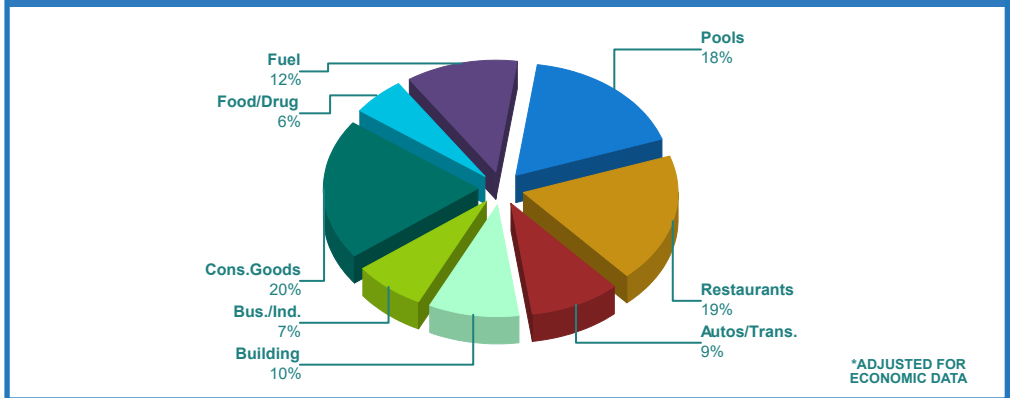
Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

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 Oceanside This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Oceanside Business Type	Q3 '23*	Change	County Change	HdL State Change
Service Stations	859.9	-3.2% ↓	-2.8% ↓	-7.3% ↓
Casual Dining	633.0	-0.9% ↓	1.8% ↑	2.8% ↑
Quick-Service Restaurants	501.6	-4.1% ↓	3.3% ↑	2.7% ↑
Building Materials	477.3	-4.6% ↓	3.9% ↑	-2.7% ↓
Grocery Stores	237.4	0.8% ↑	3.1% ↑	2.3% ↑
Electronics/Appliance Stores	181.3	-12.4% ↓	-16.1% ↓	-14.1% ↓
Family Apparel	178.6	4.6% ↑	5.7% ↑	3.2% ↑
Contractors	167.5	9.4% ↑	2.6% ↑	-1.1% ↓
Specialty Stores	148.5	-6.2% ↓	-0.6% ↓	-1.9% ↓
Auto Repair Shops	132.4	-24.0% ↓	-0.7% ↓	-1.0% ↓

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