

CITY OF OCEANSIDE

SALES TAX UPDATE

4Q 2023 (OCTOBER - DECEMBER)



OCEANSIDE

TOTAL: \$ 7,484,969

-0.9%

4Q2023



-1.2%

COUNTY



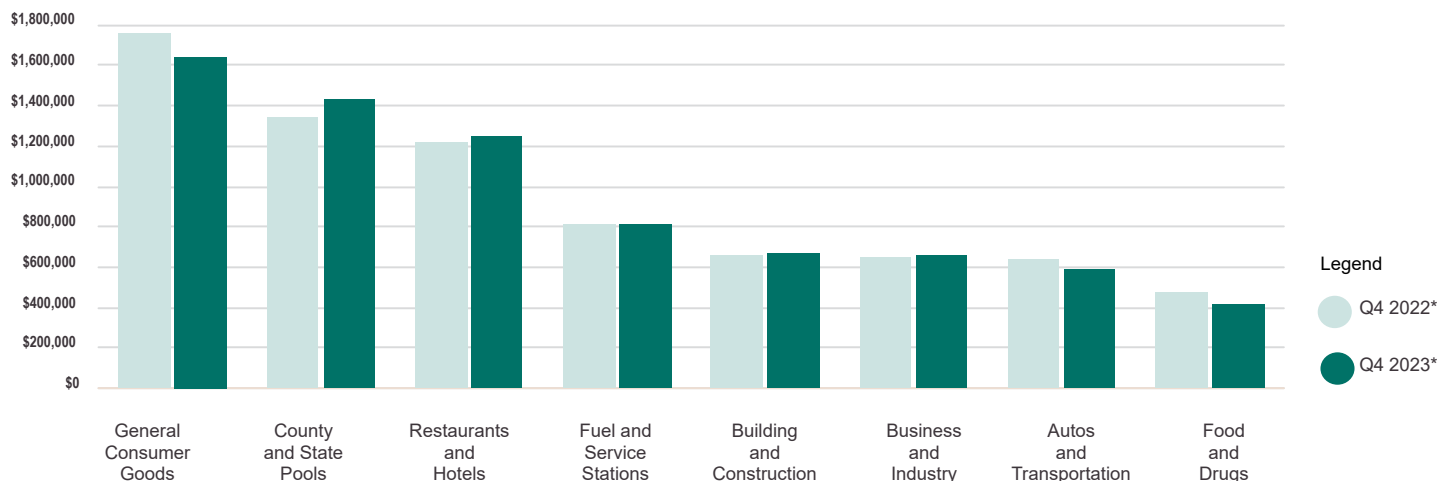
-2.5%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure X

TOTAL: \$4,921,782

↑ 1.7%



CITY OF OCEANSIDE HIGHLIGHTS

Oceanside saw a slight uptick of 0.2% in receipts from October to December compared to the fourth sales period of 2022. However, when excluding reporting aberrations, actual sales dipped by 0.9%.

This decline was largely caused by a shift in consumer spending towards services, travel, leisure, and entertainment, resulting in decreased allocations from electronics, appliance, specialty stores, and other retailers.

Unusual reporting occurrences appear to have caused a spike in receipts last year for auto repair shops and grocery stores, making for challenging comparisons.

However, these losses were partially

mitigated by a significant infusion of use-tax revenue stemming from a local entity's investment in new business-industrial equipment.

Additionally, allocations from the countywide use-tax pool were higher, with Oceanside receiving a larger share of this funding due to its relative outperformance.

Measure X, a voter-approved district tax, outperformed the Bradley-Burns results, driven by strong internet shopping.

Overall, San Diego County experienced a 1.2% decline in taxable sales over the same period, while the Southern California region as a whole was down by 2.0%.



TOP 25 PRODUCERS

- | | |
|--------------------------|--------------------|
| Albertsons | Lowes |
| Arco AM PM | McDonald's |
| Armstrong Garden Centers | Mohsen Oil |
| Best Buy | Mossy Nissan |
| Carmax | Ross |
| Chevron | Superior Ready Mix |
| Circle K | Target |
| CVS Pharmacy | TJ Maxx |
| Discount Tire | T Mobile |
| Express Fuel | United Oil |
| G&M | |
| Gilead Sciences | |
| Home Depot | |
| In N Out Burger | |
| Kohls | |



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.

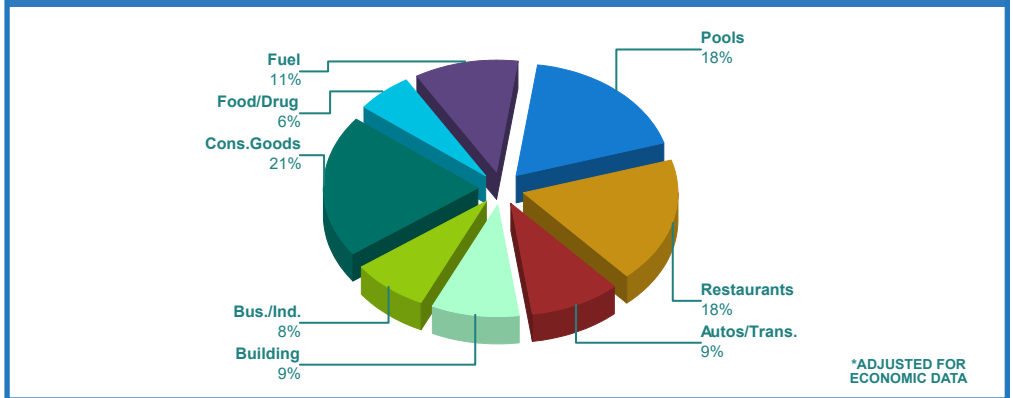
Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining 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 Oceanside This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Oceanside Business Type	Q4 '23*	Change	County Change	HdL State Change
Service Stations	814.8	0.5% ↑	-1.3% ↓	-4.9% ↓
Casual Dining	543.8	1.5% ↑	1.1% ↑	1.7% ↑
Quick-Service Restaurants	470.6	-2.8% ↓	1.6% ↑	0.3% ↑
Building Materials	442.1	-4.3% ↓	0.1% ↑	-2.0% ↓
Grocery Stores	244.2	-10.1% ↓	-7.0% ↓	-4.6% ↓
Family Apparel	220.2	-0.2% ↓	0.9% ↑	-0.4% ↓
Electronics/Appliance Stores	201.5	-13.4% ↓	-10.2% ↓	-7.7% ↓
Contractors	175.6	23.6% ↑	8.5% ↑	1.3% ↑
Specialty Stores	167.3	-9.4% ↓	2.2% ↑	-2.1% ↓
Fast-Casual Restaurants	128.9	16.6% ↑	3.1% ↑	1.7% ↑

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