

# CITY OF BRENTWOOD

## SALES TAX UPDATE

### 1Q 2023 (JANUARY - MARCH)



**BRENTWOOD**

TOTAL: \$ 2,620,103

-0.1%

1Q2023



0.3%

COUNTY



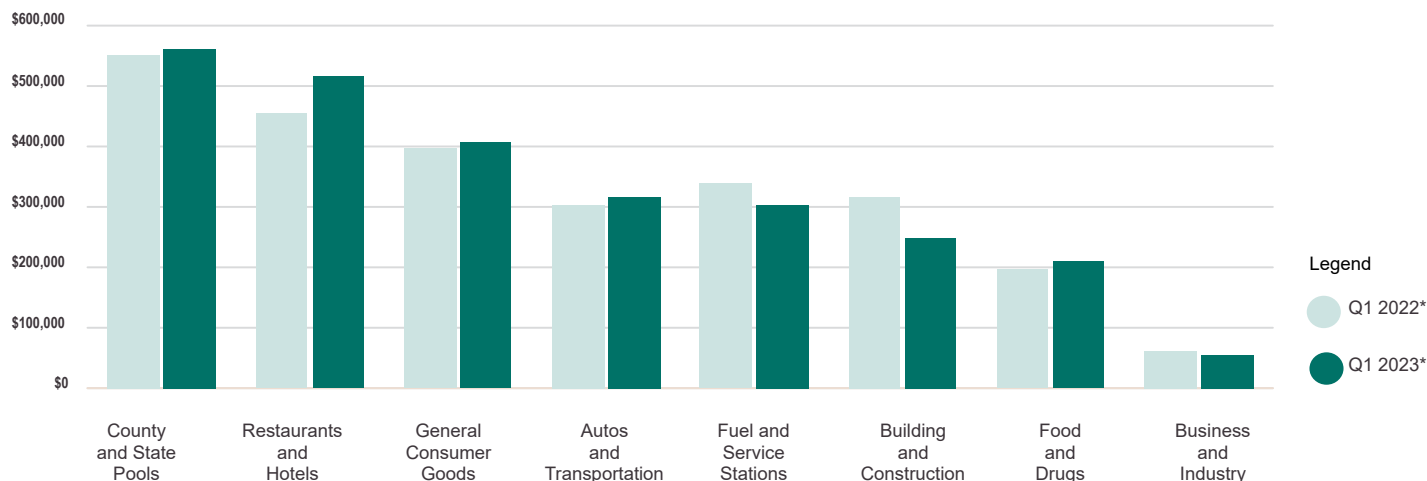
-1.1%

STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF BRENTWOOD HIGHLIGHTS

Brentwood's cash receipts from January through March were 2.7% above the first sales period in 2022. However, after adjusting for reporting modifications such as audit findings and delayed payments, net revenues were essentially even at 0.1% lower than a year ago. Some sales weakened as the uncertain economic outlook and the wet winter impacted some spending choices.

On the positive, patrons enjoyed the experience and convenience of casual and quick-service dining - with some new businesses helping revenues. Dining at home was also popular, with grocery store sales boosting food-drugs.

The Contra Costa countywide use tax pool decreased 2.2% due to declining ecommerce and third party auto sales; however, the City's share of the pool increased slightly due to other agencies in the county posting declining returns,

resulting in 1.9% increase in pool allocation. In-store shopping remained strong and the general consumer goods group was boosted by family apparel (including a new business) and specialty store sales. Auto supply store purchases assisted the positive autos-transportation results.

Conversely, the falling price of crude oil during the early months of the year contributed to a decline in service station revenues. Building materials sales and contractor activity were likely negatively impacted by the wet winter and statewide lumber prices falling 64%. Business-industry experienced declines in all sectors, including garden-agricultural supplies.

Net of adjustments, taxable sales for all of Contra Costa County grew 0.3% over the comparable time period; the Bay Area was up 1.2%.



### TOP 25 PRODUCERS

- Ace Hardware
- America's Tire
- Arco AM PM
- Big B Lumber
- Bill Brandt Ford
- BJ's Restaurant & Brewhouse
- Chevron
- Dallas Shanks Services
- Home Depot
- Home Goods
- In N Out Burger
- Kohls
- Marshalls
- Power Market
- Quik Stop
- Ross
- Safeway
- Sportsman's Warehouse
- Sunset Arco AM PM
- TJ Maxx
- Tractor Supply
- Ulta Beauty
- Verizon Wireless
- Walgreens
- Winco Foods



## STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

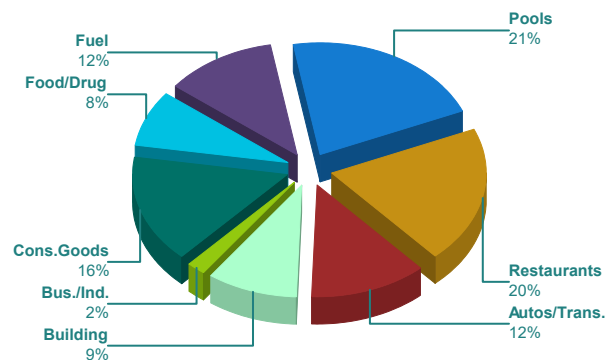
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

### REVENUE BY BUSINESS GROUP Brentwood This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

| Brentwood Business Type   | Q1 '23* | Change   | County Change | HdL State Change |
|---------------------------|---------|----------|---------------|------------------|
| Service Stations          | 301.3   | -10.7% ↓ | -7.5% ↓       | -9.8% ↓          |
| Casual Dining             | 272.3   | 21.9% ↑  | 14.5% ↑       | 9.6% ↑           |
| Building Materials        | 214.4   | -16.4% ↓ | -11.9% ↓      | -9.8% ↓          |
| Quick-Service Restaurants | 150.8   | 1.6% ↑   | 3.4% ↑        | 5.1% ↑           |
| Grocery Stores            | 150.1   | 9.7% ↑   | 7.0% ↑        | 5.4% ↑           |
| Family Apparel            | 103.9   | 17.7% ↑  | 6.6% ↑        | 2.3% ↑           |
| Specialty Stores          | 71.3    | 4.7% ↑   | 3.6% ↑        | 3.7% ↑           |
| Automotive Supply Stores  | 63.1    | 10.6% ↑  | 8.2% ↑        | 5.4% ↑           |
| Fast-Casual Restaurants   | 53.4    | 7.4% ↑   | 4.9% ↑        | 6.4% ↑           |
| Home Furnishings          | 53.3    | -16.4% ↓ | -9.4% ↓       | -10.3% ↓         |

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\*In thousands of dollars