

# CITY OF BRENTWOOD

## SALES TAX UPDATE

### 2Q 2023 (APRIL - JUNE)



#### BRENTWOOD

TOTAL: \$ 2,929,713

-0.6%

2Q2023



-1.7%

COUNTY



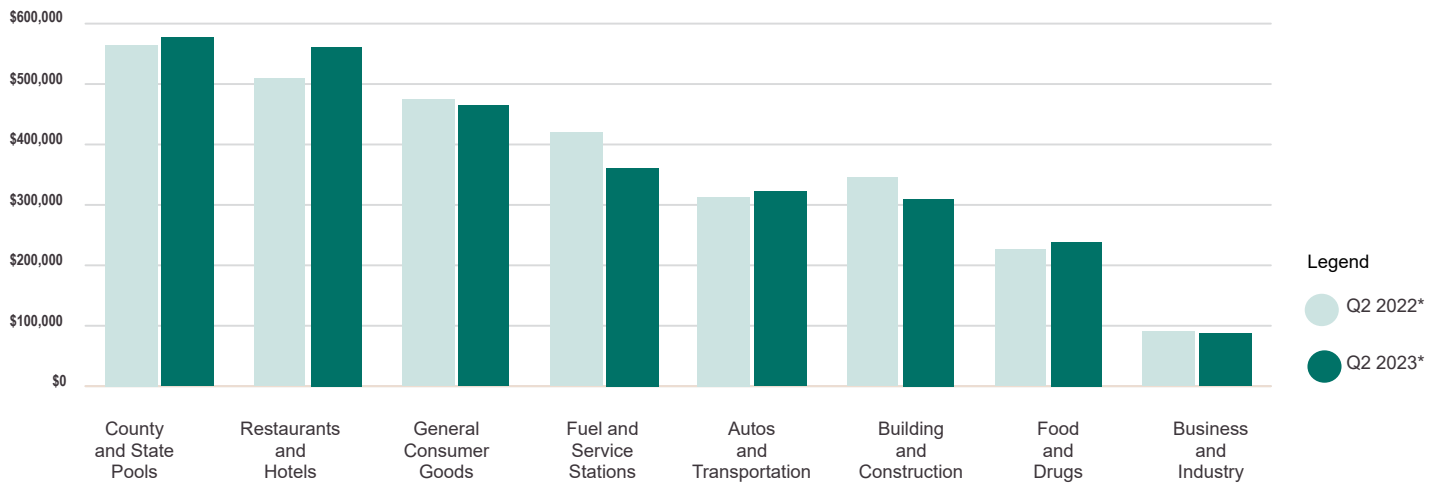
-2.9%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF BRENTWOOD HIGHLIGHTS

Brentwood's receipts from April through June were flat compared to the second sales period in 2022. Excluding reporting aberrations, actual sales were down 0.6%.

Contributing to the negative results were drops in service stations due to lower prices at the pumps. Similarly, drops in lumber prices caused a decline in building materials. A drop in receipts for garden/agricultural supply stores caused the decline for business-industry.

The restaurants group lessened the overall declines; casual dining was boosted by the opening of new outlets while fast-casual restaurant gains were due to the increase in preference for this type of restaurant.

Households sensitive to economic uncertainty while paying inflated prices

caused general consumer goods to decline, although there were some bright spots; family apparel and shoe stores were both also boosted by new outlets while specialty stores, home furnishings and sporting good stores followed statewide trends posting declines.

Autos-transportation outpaced the statewide average by posting positive results.

The countywide pool posted gains due to anomalies; there were declines due to shifting reporting for fulfillment centers and a dip in sales of used vehicles.

Net of aberrations, taxable sales for all of Contra Costa County declined 1.7% over the comparable time period; the Bay Area was down 2.7%.



#### TOP 25 PRODUCERS

7 Eleven  
 Ace Hardware  
 Arco AM PM  
 Big B Lumber  
 Bill Brandt Ford  
 BJ's Restaurant & Brewhouse  
 Brentwood Ready Mix  
 Chevron  
 Dallas Shanks Services  
 Home Depot  
 Home Goods  
 In N Out Burger  
 Kohls  
 Marshalls  
 Power Market  
 Ross  
 Safeway  
 Sportsman's Warehouse  
 Sunset Arco AM PM

TJ Maxx  
 Trident Environmental & Engineering  
 Ulta Beauty  
 Walgreens  
 Watersavers Irrigation  
 Winco Foods



## 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.

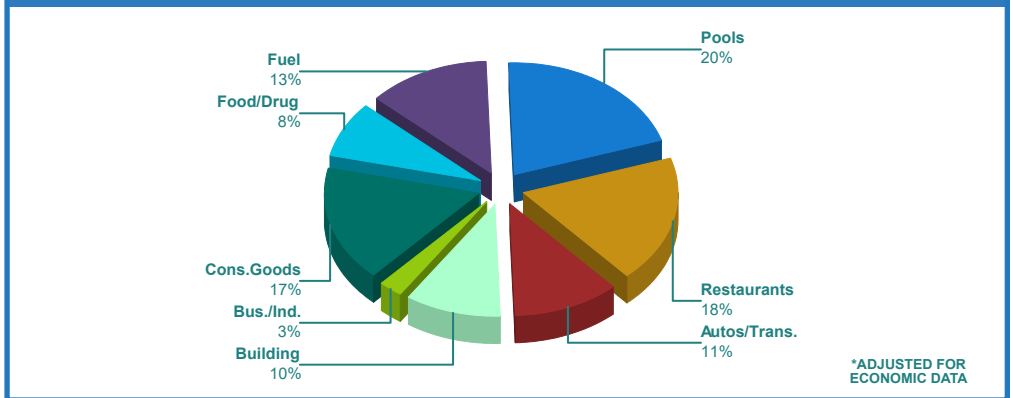
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets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



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Brentwood Business Type	Q2 '23*	Change	County Change	HdL State Change
Service Stations	360.0	-14.0% ↓	-20.0% ↓	-19.9% ↓
Casual Dining	292.6	15.3% ↑	7.4% ↑	4.6% ↑
Building Materials	250.1	-10.6% ↓	-6.6% ↓	-8.0% ↓
Grocery Stores	168.6	7.8% ↑	5.4% ↑	2.9% ↑
Quick-Service Restaurants	166.3	4.1% ↑	2.9% ↑	3.2% ↑
Family Apparel	122.4	14.0% ↑	5.7% ↑	-1.0% ↓
Specialty Stores	76.6	-2.3% ↓	-0.8% ↓	-1.3% ↓
Automotive Supply Stores	66.3	14.9% ↑	6.1% ↑	3.3% ↑
Fast-Casual Restaurants	58.7	12.2% ↑	3.0% ↑	3.7% ↑
Home Furnishings	58.0	-9.7% ↓	-8.1% ↓	-11.1% ↓

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