

CITY OF BRENTWOOD

SALES TAX UPDATE

4Q 2023 (OCTOBER - DECEMBER)



BRENTWOOD

TOTAL: \$ 2,991,712

-0.2%

4Q2023



-3.2%

COUNTY



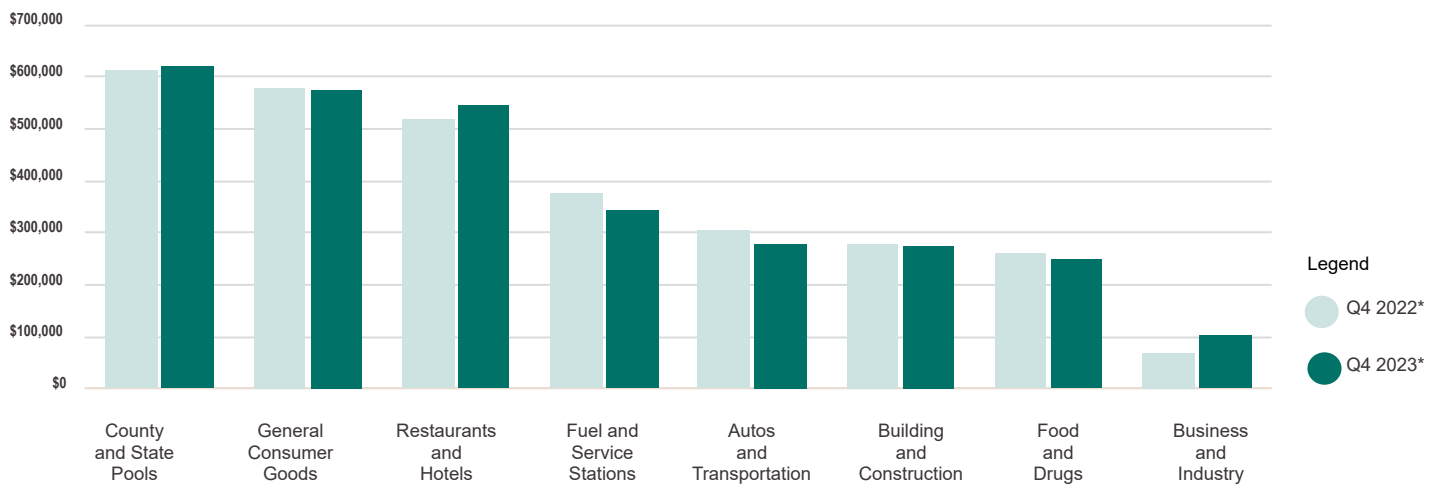
-2.5%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRENTWOOD HIGHLIGHTS

Brentwood's gross receipts from October to December were 3.4% below the fourth sales period in 2022. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were essentially even at 0.2% down. Sales tax results varied by tax group.

The City's allocation of the countywide use tax pool increased 1.7% - even with waning third-party auto sales. A shift by online retailers to fill more internet orders from instate fulfillment centers instead of out-of-state locations results in some revenues moving out of the pools and into direct allocation.

Most sectors of the restaurants-hotels group experienced improved results - with fast casual leading the 5.2% gain.

Growth in the garden-agricultural sector pushed business-industry into positive territory.

Conversely, in-store shopping during the busy holiday season edged down slightly compared to a year ago. A dip in building materials sales contributed to a very slight decline in building-construction returns. The fluctuating price of crude oil negatively affected service station results; and lower grocery store sales pulled down food-drugs receipts. Declining used car sales contributed to an 8.2% decline in autos-transportation related sales.

Net of adjustments, taxable sales for all of Contra Costa County declined 3.2% over the comparable time period; the Bay Area was down 4.8%.



TOP 25 PRODUCERS

- | | |
|-----------------------------|-------------------------------------|
| 7 Eleven | TJ Maxx |
| Ace Hardware | Trident Environmental & Engineering |
| Arco AM PM | Ulta Beauty |
| Bill Brandt Ford | Verizon Wireless |
| BJ's Restaurant & Brewhouse | Walgreens |
| Brentwood Ready Mix | Winco Foods |
| Chevron | |
| Chipotle | |
| Dallas Shanks Services | |
| Home Depot | |
| Home Goods | |
| In N Out Burger | |
| Kohls | |
| Marshalls | |
| Power Market | |
| Ross | |
| Safeway | |
| Sportsman's Warehouse | |
| Sunset Arco AM PM | |



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

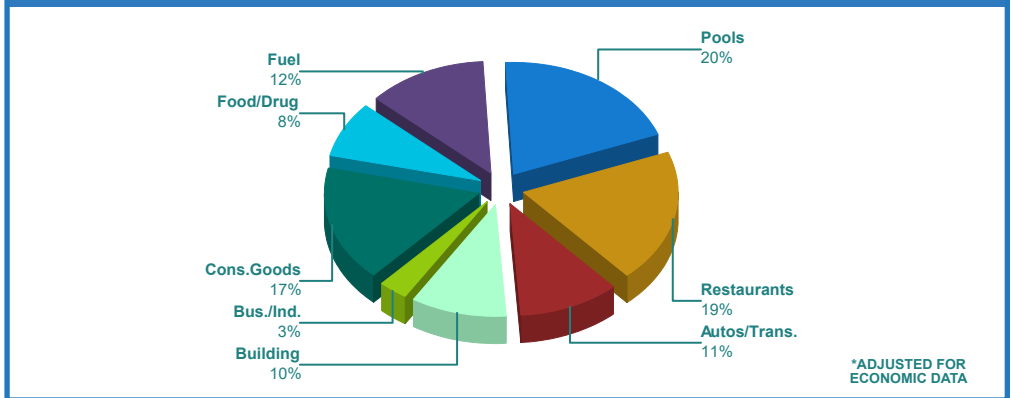
sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. 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 with 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
Brentwood This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brentwood Business Type	Q4 '23*	Change	County Change	HdL State Change
Service Stations	343.1	-8.8% ↓	-4.2% ↓	-4.9% ↓
Casual Dining	259.3	0.6% ↑	3.3% ↑	1.8% ↑
Building Materials	229.9	-1.5% ↓	-3.2% ↓	-2.0% ↓
Grocery Stores	171.3	-7.4% ↓	-7.0% ↓	-4.6% ↓
Quick-Service Restaurants	169.6	3.6% ↑	-0.4% ↓	0.3% ↑
Family Apparel	159.9	0.6% ↑	5.3% ↑	-0.4% ↓
Specialty Stores	91.7	-8.3% ↓	-4.7% ↓	-2.2% ↓
Fast-Casual Restaurants	71.9	33.9% ↑	6.4% ↑	1.7% ↑
Home Furnishings	63.7	10.4% ↑	-10.7% ↓	-10.1% ↓
Automotive Supply Stores	61.8	-1.8% ↓	-4.0% ↓	-2.3% ↓

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