

CITY OF RED BLUFF

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



RED BLUFF

TOTAL: \$ 1,230,934

-15.9%

2Q2023



-11.2%

COUNTY



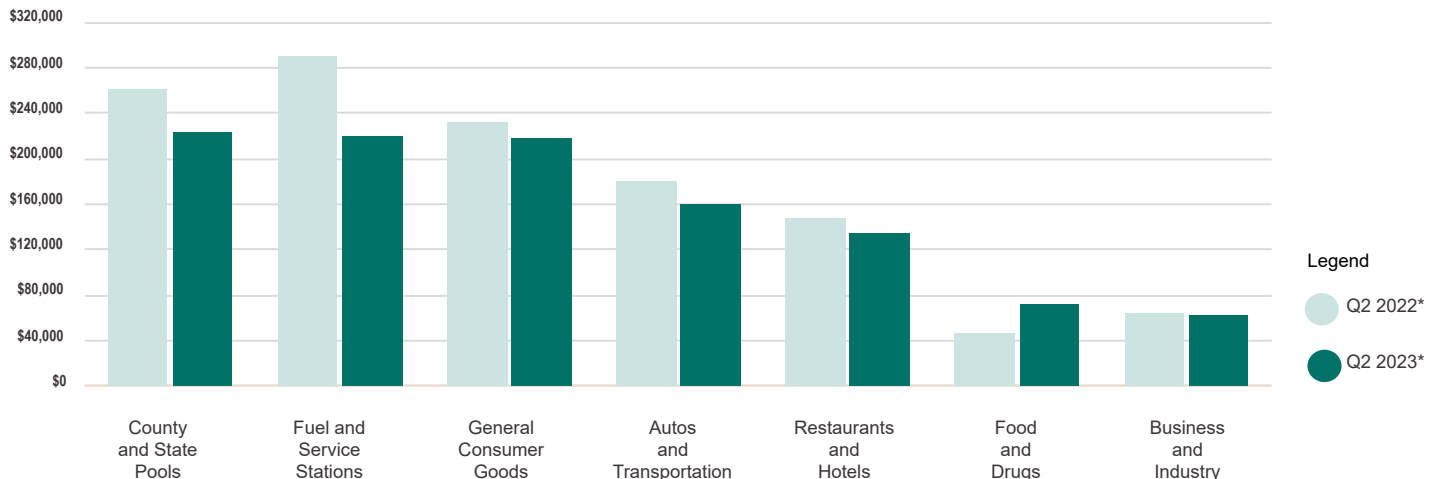
-2.9%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure A

TOTAL: \$348,269

↓ -13.1%



CITY OF RED BLUFF HIGHLIGHTS

Red Bluff's receipts from April through June were 22.5% below the second sales period in 2022. Excluding reporting aberrations, actual sales were down 15.9%.

Shoppers pulled back on discretionary purchases for lower general consumer goods receipts and with savings shrinking, tight credit conditions, the spending slowdown may continue. Countywide use-tax pool allocations slumped from online retailers shifting activity directly to local place of sale from out of state locations and some onetime transactions last year.

Fuel-service station payments suffered when compared to the record levels last spring. Supply cuts from OPEC have influenced pricing to trend upward again in recent months. Spending on autos-transportation needs stalled with consumers focus on other priorities, although with the

average vehicle life now greater than 12 years, auto supplies store receipts gained.

Weaker sales in casual dining dragged down the restaurant group, and the gains from quick service outlets couldn't make up the difference. Higher prices may influence menu choices as patrons seek value or they may choose to dine out less frequently as it has shifted where it is more economical to eat at home.

Voter approved Measure A posted lower returns from service stations, new and used vehicle purchases by residents, and fewer visits to local casual dining spots.

Net of aberrations, taxable sales for all of Tehama County declined 11.2% over the comparable time period; the Far North region was down 6.2%.



TOP 25 PRODUCERS

- | | |
|------------------------|------------------------------|
| Adobe Minimart | Red Bluff Chrysler |
| Antelope Liquors & Gas | Dodge Jeep Ram |
| Arco | Red Bluff Gas |
| Arco AM PM | Red Bluff Shell |
| Dollar General | Reynolds Ranch & Farm Supply |
| Flyers | Ross |
| Food Maxx | Sundial Collective |
| Growney Motors | Taco Bell |
| Harbor Freight Tools | Tractor Supply |
| Home Depot | Valero |
| Les Schwab Tire Center | Walmart Supercenter |
| Marshalls | |
| McDonald's | |
| One Stop Gas & Food | |
| Raley's | |



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.

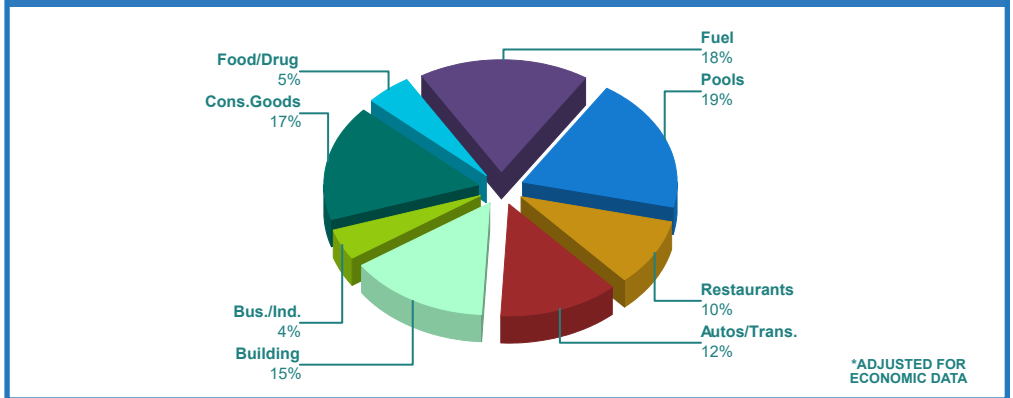
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Red Bluff Business Type	Q2 '23*	Change	County Change	HdL State Change
Service Stations	216.4	-23.8% ↓	-25.1% ↓	-19.9% ↓
Quick-Service Restaurants	61.5	5.9% ↑	4.7% ↑	3.2% ↑
Casual Dining	59.1	-23.3% ↓	-23.2% ↓	4.6% ↑
Automotive Supply Stores	43.7	7.9% ↑	4.7% ↑	3.3% ↑
Garden/Agricultural Supplies	38.8	0.8% ↑	4.3% ↑	-3.2% ↓
Grocery Stores	37.6	15.5% ↑	16.7% ↑	2.9% ↑
Family Apparel	33.1	1.4% ↑	0.2% ↑	-1.0% ↓
Auto Repair Shops	13.6	12.6% ↑	-4.6% ↓	2.3% ↑
Repair Shop/Equip. Rentals	8.1	20.8% ↑	-26.9% ↓	0.1% ↑
Home Furnishings	7.4	-45.3% ↓	-36.3% ↓	-11.1% ↓

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