

CITY OF LOS ALTOS

SALES TAX UPDATE

1Q 2024 (JANUARY - MARCH)



LOS ALTOS

TOTAL: \$ 725,850

3.9%
1Q2024



2.5%
COUNTY

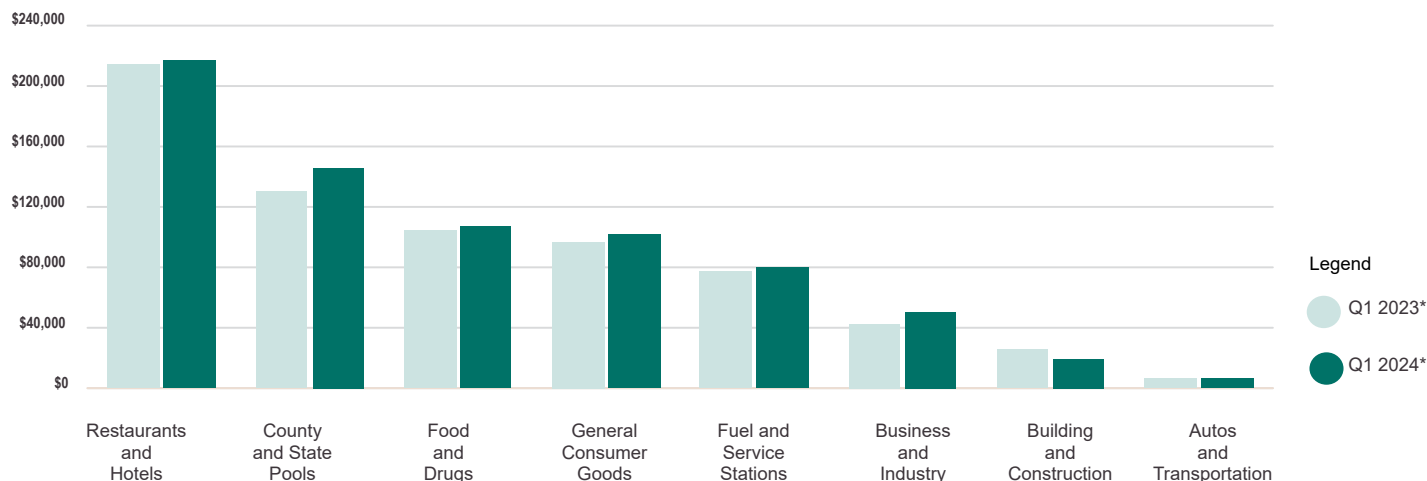


-0.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF LOS ALTOS HIGHLIGHTS

Los Altos' gross receipts from January – March were 12.4% above the first sales period in 2023. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were up 3.9%. Most tax groups posted positive results.

State confidentiality laws limit the amount of sales tax data that can be publicly shared.

Restaurants-hotels edged higher with casual dining contributing to the gain, as people enjoyed the experience and convenience of dining out. Retail shopping revenues grew almost 5% during the early months of the year – with jewelry and specialty stores leading the growth.

Higher overall sales tax revenues increased the City's share of the

countywide use tax pool, resulting in a 12.2% rise in pool allocation.

While the price of crude oil fluctuated during the early months of the year, service stations revenues netted an increase – largely attributed to a newly reinstated business. Business-industry benefited from a large taxpayer payment and growth in business services transactions, which pushed results up 17.8%.

Conversely, building-construction revenues decreased as project-related spending waned.

Net of adjustments, taxable sales for all of Santa Clara County grew 2.5% over the comparable time period; the Bay Area was down 2.3%.



TOP 25 PRODUCERS

- Amber India Restaurant
- Arco AM PM
- BevMo
- Bicycle Outfitter
- Chef Chus
- Draegers Super Market
- Footwear Etc Los Altos
- Los Altos 76
- Los Altos Chevron
- Los Altos Gas & Service
- Los Altos Grill
- Lucky Supermarket
- Main Street Chevron
- Rancho 76
- Rite Aid
- Rustic House
- Safeway
- Speedway Express
- State of Mind Public House & Pizzeria
- Steinway
- Trader Joe's
- True Value Hardware
- Turn 2 Solutions
- Walgreens
- Whole Foods Market



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of January through March were 0.2% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year first quarter is traditionally the lowest sales tax generating period; however, returns were more on par with the comparison period.

One of the only sectors continuing to display declines was auto-transportation. High interest rates created more expensive long-term financing costs. Combined with a dramatic cost of insurance coverage rate spike, this group declined 7.5%.

Fuel and service stations was the other sector with a drop over last year. As California drivers embark on summer travel, they’ll do so with slightly elevated gas prices versus 2023, probably yielding the final period of negative results for the category heading into 2025.

During this post-holiday shopping period, general consumer goods experienced a soft rebound with very modest 0.5% growth. Although retailers selling gas were hurt by fuel prices, it did not stop family apparel and department stores from lifting revenues.

Restaurant activity contributed constant growth of 2.1%. Only fine dining establishments remain hindered as more affordable menus are preferred. Also, it appears some eateries made operational changes while implementing AB 1228; however, there isn’t enough data

yet to understand if this new bill impacted revenue.

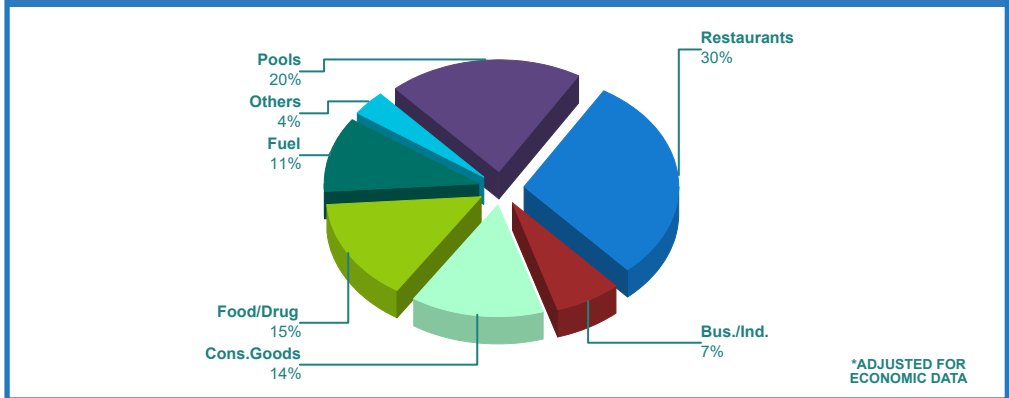
Seemingly dramatic one-time events helped boost business-industry, as investments in office supplies-furniture and energy projects were a significant reason for 3.6% gains this quarter. Additionally, strong fulfillment center direct payments demonstrated sustained logistical expansion. When coupled with improved returns via the countywide use tax pools, customers demonstrated e-commerce preferences for obtaining various goods. Overall

pool allocations improved 1.6%.

Statewide, 2024 begins in a more positive fashion compared to the recent trends of 2023. Buoyed 1st quarter results may signify ‘the floor’ helping ease tax revenue concerns while awaiting the next growth cycle. The Federal Reserve and their position with the Fed Funds Rate remains the most probable component between economic stagnation or spring-boarding consumer spending. Tourism and local travel in the coming summer period could further inspire confidence.

REVENUE BY BUSINESS GROUP

Los Altos This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

| Los Altos Business Type | Q1 '24 | Change | County Change | HdL State Change |
|---------------------------|---------|---------|---------------|------------------|
| Casual Dining | 154,411 | 4.1% ↑ | 5.8% ↑ | 2.3% ↑ |
| Grocery Stores | 79,943 | 1.1% ↑ | 1.3% ↑ | 2.8% ↑ |
| Service Stations | 79,778 | 2.6% ↑ | -1.4% ↓ | -0.8% ↓ |
| Fine Dining | 30,421 | -2.8% ↓ | -7.2% ↓ | -5.2% ↓ |
| Home Furnishings | 24,978 | -5.3% ↓ | 3.3% ↑ | -6.5% ↓ |
| Specialty Stores | 14,456 | 1.4% ↑ | -2.9% ↓ | -2.3% ↓ |
| Quick-Service Restaurants | 13,696 | 1.8% ↑ | 3.3% ↑ | 2.7% ↑ |
| Fast-Casual Restaurants | 9,380 | -5.8% ↓ | -1.7% ↓ | 2.3% ↑ |
| Jewelry Stores | 8,524 | 8.6% ↑ | 18.0% ↑ | -0.6% ↓ |
| Business Services | 7,045 | 38.4% ↑ | -1.5% ↓ | -0.2% ↓ |

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