

CITY OF LOS ALTOS

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



LOS ALTOS

TOTAL: \$ 772,837

-4.6%

2Q2024



-1.7%

COUNTY



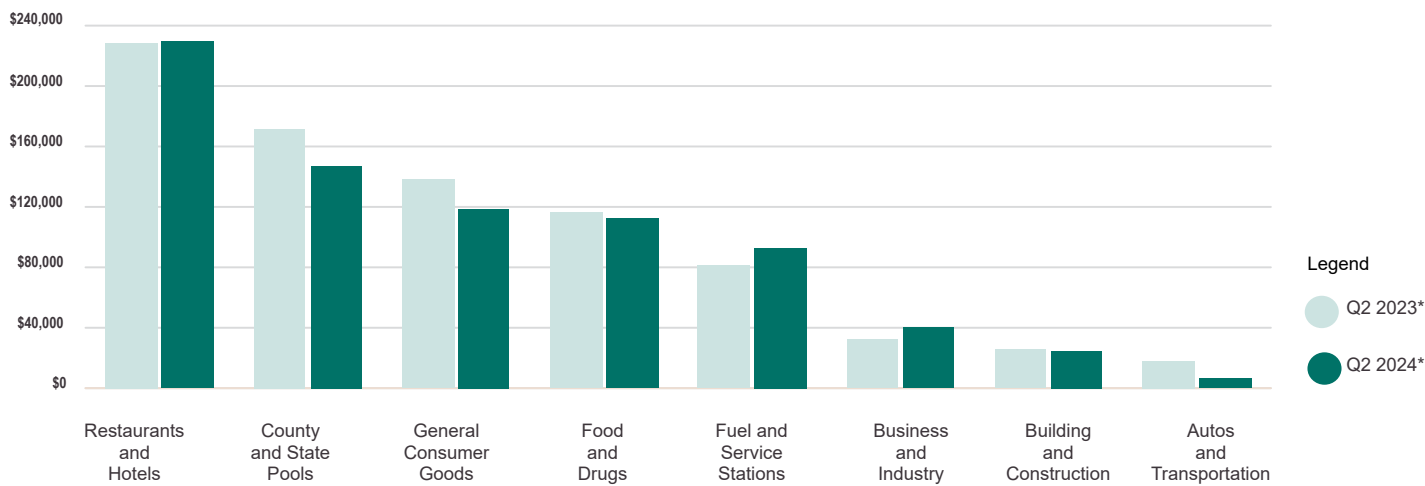
-0.6%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF LOS ALTOS HIGHLIGHTS

Los Altos' receipts from April through June were 18.2% below the second sales period in 2023. Excluding reporting aberrations, actual sales were down 4.6%.

In the autos-transportation group, a one-time allocation in the comparable quarter led to the large decline for this group in this quarter and is the main reason for the overall negative results.

Deflation occurred for some building products and home improvement activity slowed as consumers defer their projects; these both caused significant declines in the building-construction group and in the home furnishings.

Patterns of behavior repeated in the restaurants-hotels group, which was slightly positive. Patronage volumes declined, most notably at fine dining

venues as customers looked for value and experience, and stayed away from higher priced menus leading to positive results for casual dining.

In the comparable quarter, a gap in payment led to the big gains in service stations for this quarter.

The negative results for point of sale led to a smaller portion of the countywide pool which combined with slowing receipts to the pool led to the 14% decline in pool allocation.

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



TOP 25 PRODUCERS

- Arco AM PM
- BevMo
- Bicycle Outfitter
- Bluestone Lane
- 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
- Rustic House
- Safeway
- Speedway Express
- State of Mind Public House & Pizzeria
- Steinway

- Toyota Research Institute
- 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 April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it’s only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men’s and women’s apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper’s preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

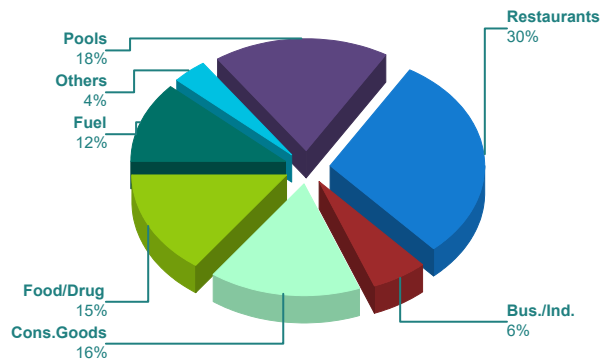
Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted – state law increasing California’s minimum wage at designated eateries – third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

REVENUE BY BUSINESS GROUP
Los Altos This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Los Altos Business Type	Q2 '24	Change	County Change	HdL State Change
Casual Dining	164,123	2.2% ↑	3.8% ↑	0.8% ↑
Service Stations	93,453	14.8% ↑	3.4% ↑	2.3% ↑
Grocery Stores	83,257	-4.4% ↓	-1.1% ↓	1.6% ↑
Fine Dining	31,532	-2.9% ↓	-8.4% ↓	-5.9% ↓
Home Furnishings	30,225	-21.5% ↓	4.3% ↑	-7.9% ↓
Electrical Equipment	17,968	30.4% ↑	22.4% ↑	6.8% ↑
Quick-Service Restaurants	16,074	11.3% ↑	2.3% ↑	1.2% ↑
Specialty Stores	14,396	-35.6% ↓	-5.1% ↓	-4.8% ↓
Jewelry Stores	12,825	52.3% ↑	3.5% ↑	-2.8% ↓
Fast-Casual Restaurants	9,883	-15.8% ↓	2.4% ↑	3.2% ↑

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