

CITY OF BRAWLEY

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



BRAWLEY

TOTAL: \$ 837,318

8.6%
1Q2023



2.5%
COUNTY

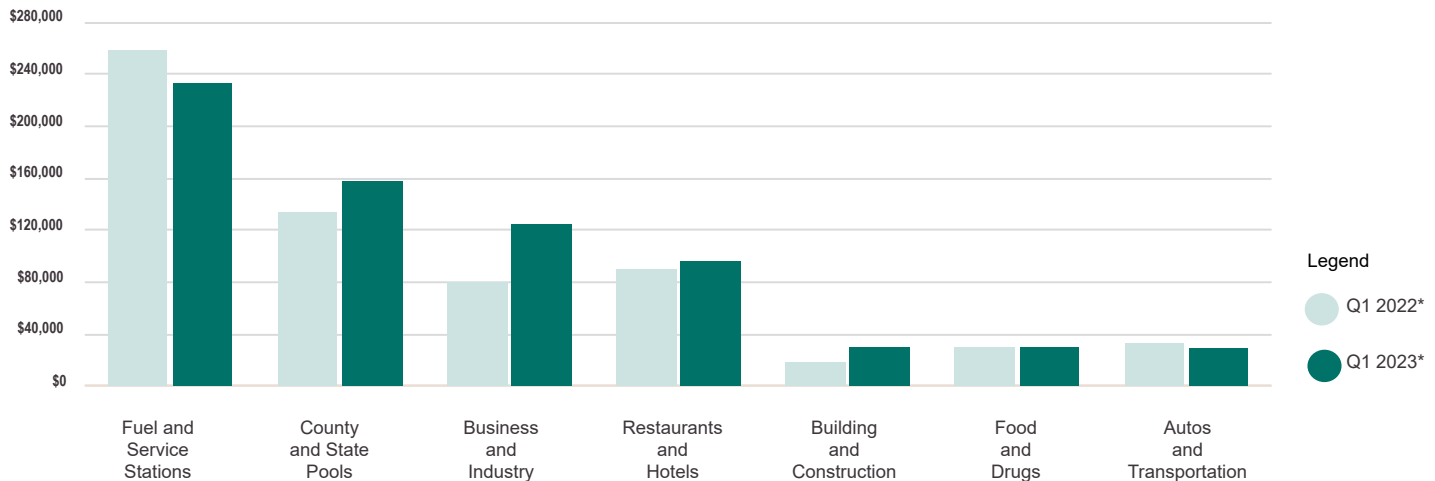


-1.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRAWLEY HIGHLIGHTS

Brawley's receipts from January through March were 8.0% above the first sales period in 2022. Excluding reporting aberrations, actual sales were up 8.6%, significantly exceeding the State and regional trend.

A warehouse, farm and construction equipment supplier resumed making payments that had recently been misallocated to other jurisdictions, which was a significant factor in this quarter's strong result. The State has announced a pending correction of the missing money from prior quarters.

This furthermore boosted the City's share of the countywide use tax pool as this funding is allocated among local agencies based on proportional cash receipts, which grew faster in Brawley because of the mistake in the comparison period. This effect was compounded

by an ebb in the pace of countywide infrastructure projects, which further propelled the City's growth in cash receipts versus other local jurisdictions for the quarter.

Local building and construction suppliers additionally recorded good results compared to an abnormally low quarter last year.

Tax receipts from fuel and service stations were down, however, as the price of petroleum products fell amid worry that the economy may weaker later this year.

Net of aberrations, taxable sales for all of Imperial County grew 2.5% over the comparable time period; the Southern California region was down 0.9%.



TOP 25 PRODUCERS

- Arco AM PM
- AutoZone
- Brawley Ace Hardware
- Brawley Tractor Parts
- Carl's Jr
- Circle K Shell
- Dollar Tree
- Elms Equipment Rental
- HD Supply Waterworks
- Jack in the Box
- Johnnys Burritos
- Jordan Implement
- Las Chabelas Restaurant
- Little Caesars
- McDonald's
- McNeece Bros Oil
- Ojeda Industries
- O'Reilly Auto Parts
- Pacific Ag Rentals
- Pilot Travel Center
- Prime Fuel & Mini Mart
- Rdo Contrusction Equipment Co
- Shell
- Vons
- Walmart Supercenter



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

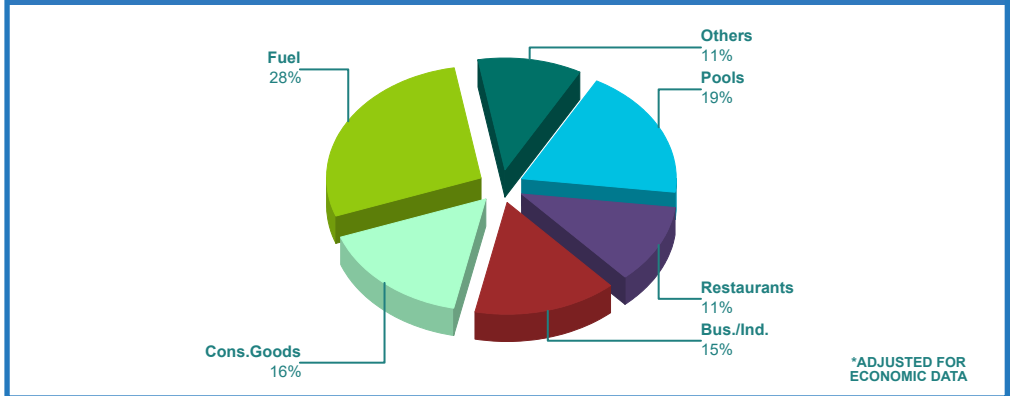
Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

REVENUE BY BUSINESS GROUP

Brawley This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brawley Business Type	Q1 '23	Change	County Change	HdL State Change
Service Stations	150,132	-7.7% ↓	-6.7% ↓	-9.8% ↓
Warehse/Farm/Const. Equip.	79,743	77.2% ↑	66.8% ↑	3.3% ↑
Quick-Service Restaurants	75,123	3.0% ↑	8.5% ↑	5.1% ↑
Automotive Supply Stores	23,078	-10.9% ↓	4.7% ↑	5.4% ↑
Casual Dining	18,349	42.9% ↑	9.2% ↑	9.7% ↑
Electronics/Appliance Stores	6,559	36.4% ↑	1.2% ↑	-2.1% ↓
Convenience Stores/Liquor	5,721	-17.8% ↓	-17.8% ↓	-5.0% ↓
Auto Repair Shops	5,477	-22.2% ↓	0.0% ↓	5.7% ↑
Light Industrial/Printers	5,469	47.0% ↑	0.1% ↑	0.9% ↑
Heavy Industrial	5,026	0.8% ↑	1.6% ↑	-5.5% ↓

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