

CITY OF BRAWLEY

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



BRAWLEY

TOTAL: \$ 884,893

-2.7%

2Q2023



6.3%

COUNTY



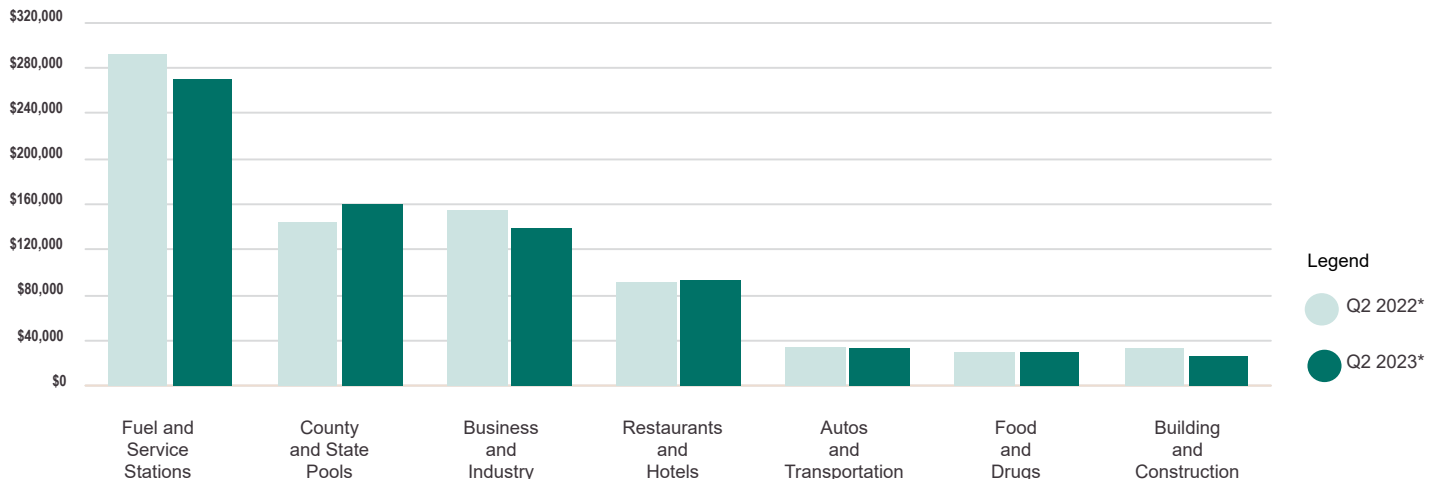
-2.9%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRAWLEY HIGHLIGHTS

Brawley's receipts from April through June were 17.8% above the second sales period in 2022. Excluding reporting aberrations, actual sales were down 2.7%.

Falling fuel-petroleum prices that peaked in the second quarter of 2022 continue to compress services station profits. In addition, the business-industry sector experienced declining sales by warehouse-farm-construction equipment and garden-agricultural supply vendors.

The food-drug category had soft proceeds at convenience-liquor and drug stores as consumers shift to purchasing more merchandise at grocery stores to get more value for their money. Furthermore, the autos-transportation group had weak gross receipts from auto repair shops and automotive supply

stores. Likewise, building-construction collections were dismal as commodity prices continue to decline; contractors continue to see less demand for their services.

State-county pools, the City's second largest income classification, was solid with a 10.8% return during this period. General consumer goods saw modest collections at variety stores as consumers continue to shop for bargains. As patrons enjoy eating out, quick-service, and casual dining continue to benefit from encouraging gross receipts.

Net of aberrations, taxable sales for all of Imperial County grew 6.3% over the comparable time period; the Southern California region was down 2.9%.



TOP 25 PRODUCERS

- | | |
|-------------------------|----------------------------|
| Arco AM PM | Prime Fuel & Mini Mart |
| AutoZone | RDO Water |
| Brawley Ace Hardware | Shell |
| Brawley Tractor Parts | South Coast Fire Equipment |
| Circle K Shell | Vons |
| Dollar Tree | Walmart Supercenter |
| HD Supply Waterworks | |
| Jack in the Box | |
| Johnnys Burritos | |
| Jordan Implement | |
| Las Chabelas Restaurant | |
| Lidco Imperial Valley | |
| Little Caesars | |
| McDonald's | |
| McNeece Bros Oil | |
| Ojeda Industries | |
| O'Reilly Auto Parts | |
| Pacific Ag Rentals | |
| Pilot Travel Center | |



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.

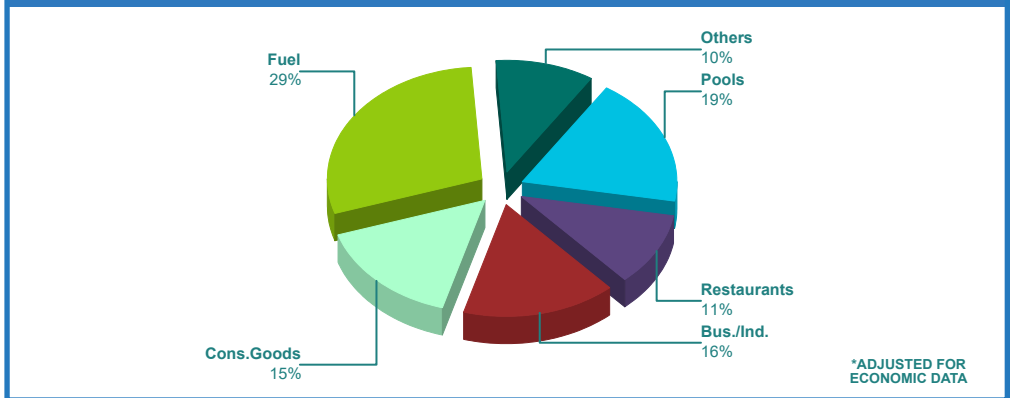
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brawley Business Type	Q2 '23	Change	County Change	HdL State Change
Service Stations	151,456	-12.5% ↓	-7.1% ↓	-19.9% ↓
Warehse/Farm/Const. Equip.	85,576	-23.7% ↓	15.1% ↑	8.8% ↑
Quick-Service Restaurants	74,882	4.3% ↑	4.4% ↑	3.2% ↑
Automotive Supply Stores	26,214	0.1% ↑	1.6% ↑	3.3% ↑
Casual Dining	16,499	7.3% ↑	2.9% ↑	4.6% ↑
Auto Repair Shops	7,040	-7.0% ↓	50.2% ↑	2.3% ↑
Convenience Stores/Liquor	6,040	-13.6% ↓	-5.0% ↓	-5.2% ↓
Heavy Industrial	5,255	6.6% ↑	74.9% ↑	-5.6% ↓
Electronics/Appliance Stores	4,868	44.7% ↑	-6.8% ↓	-6.2% ↓
Business Services	4,352	87.8% ↑	64.7% ↑	-1.0% ↓

*Allocation aberrations have been adjusted to reflect sales activity