

CITY OF BRAWLEY

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



BRAWLEY

TOTAL: \$ 889,860

0.2%
3Q2023



28.6%
COUNTY

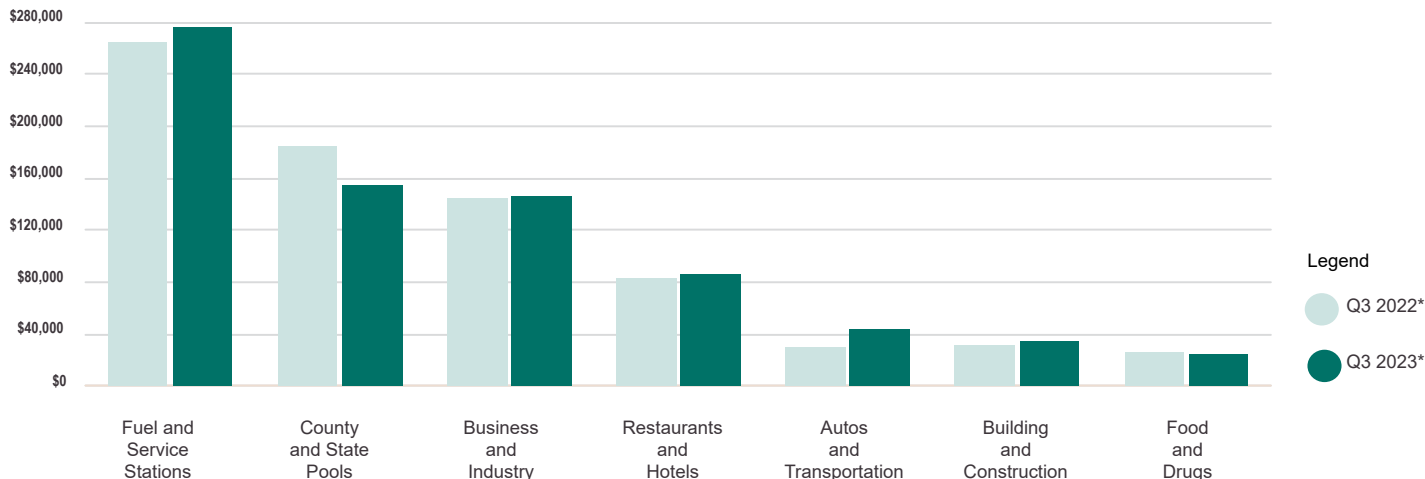


-1.7%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRAWLEY HIGHLIGHTS

Brawley's gross receipts from July through September were 0.3% below the third sales period in 2022. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were essentially even 0.2%.

Restraints imposed by State regulations prevent the disclosure of results that might reveal the confidential nature of taxes or revenues, so the discussion herein focuses on areas not under this restriction.

Fuel-service station revenues grew as activity increased during the busy summer months. Quick-service and casual dining also gained as people enjoyed the convenience and experience of dining out – lifting restaurant-hotel revenues for the fourth consecutive quarter.

Auto repair and supply store sales improved, and along with several new businesses in these sectors, autos-transportation group

receipts jumped 43.2%. Results in the business-industry group were mixed overall, but repair shop-equipment rentals lifted revenues. Increased contractor activity contributed to growth in the building-construction group.

The City's allocation from the countywide use tax pool shrunk 16.8% because of growth by other agencies in the county. Furthermore, a shift by online retailers to fill more internet orders to instate fulfillment centers instead of out-of-state locations resulted in some revenues moving out of the pools and into direct jurisdictions.

Although grocery store returns were positive, other sector performance pulled down revenues.

Net of adjustments, taxable sales for all of Imperial County grew 28.6% over the comparable time period; the Southern California region was down 1.5%.



TOP 25 PRODUCERS

Arco AM PM
AutoZone
Axis Mso
Brawley Ace Hardware
Brawley Tractor Parts
Circle K Shell
Dollar Tree
Elms Equipment
HD Supply Waterworks
Jack in the Box
Johnnys Burritos
Jordan Implement
Lidco Imperial Valley
McDonald's
McNeece Bros Oil
OK Rubber Tires
O'Reilly Auto Parts
Pacific Ag Rentals
Pilot Travel Center

Prime Fuel & Mini Mart
Quick Quack Car Wash
RDO Water
Shell
Vons
Walmart Supercenter



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

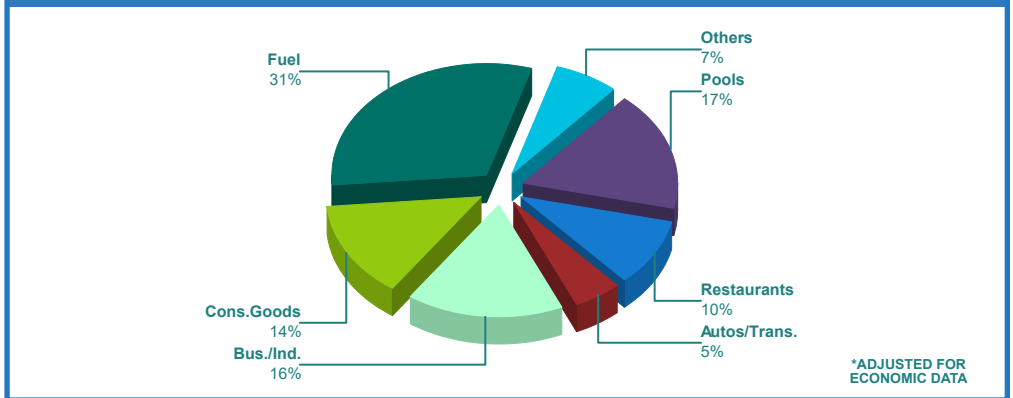
Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP Brawley This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brawley Business Type	Q3 '23	Change	County Change	HdL State Change
Service Stations	159,904	11.2% ↑	7.1% ↑	-7.3% ↓
Warehse/Farm/Const. Equip.	92,531	-12.3% ↓	1.7% ↑	-2.9% ↓
Quick-Service Restaurants	68,607	2.8% ↑	4.0% ↑	2.7% ↑
Automotive Supply Stores	27,348	19.8% ↑	5.0% ↑	2.1% ↑
Auto Repair Shops	16,193	111.3% ↑	28.6% ↑	-1.1% ↓
Casual Dining	15,345	18.9% ↑	-0.2% ↓	2.8% ↑
Grocery Stores	14,274	6.4% ↑	16.0% ↑	2.3% ↑
Convenience Stores/Liquor	5,667	-5.3% ↓	-1.0% ↓	-10.0% ↓
Heavy Industrial	4,647	-16.2% ↓	12.9% ↑	-6.1% ↓
Electronics/Appliance Stores	3,938	0.8% ↑	-3.6% ↓	-14.2% ↓

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