

CITY OF BRAWLEY

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



BRAWLEY

TOTAL: \$ 818,885

-2.9%

2Q2024



10.2%

COUNTY



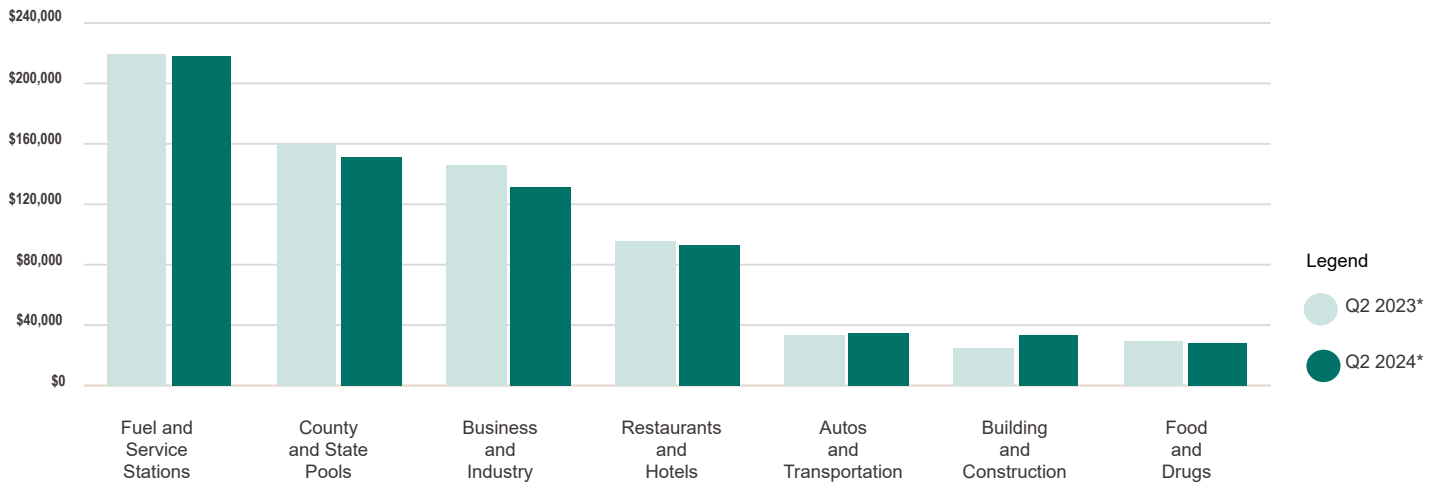
-0.7%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRAWLEY HIGHLIGHTS

Imperial's gross receipts from April – June were 21.7% below the second sales period in 2023. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were down 2.9%. The difference between gross receipts and adjusted is primarily due to a large audit correction a year ago that was adjusted back to prior periods.

State confidentiality laws limit the level of sales tax details shared publicly; results summarized herein comply with these requirements.

While the price of crude oil fluctuated during the period, revenues from fuel-service stations edged down slightly. Business-industry returns varied by sector, but declines in warehouse/farm/construction equipment sales contributed to around a 10% drop.

Quick-service dining remained stable, yet casual dining slowed, pulling the restaurants-hotels group into negative territory. The City's allocation from the countywide use tax pool declined 6% as other agencies in the county experienced larger sales tax growth for the quarter.

On the positive, autos-transportation related sales improved – assisted by automotive supply store purchases. Building-construction receipts jumped over 33% as improvement projects contained during the spring months.

Net of adjustments, taxable sales for all of Imperial County grew 10.2% over the comparable time period; the Southern California region was down 0.5%.



TOP 25 PRODUCERS

- Arco AM PM
- AutoZone
- Brawley Ace Hardware
- Brawley Tractor Parts
- Circle K Gas
- Circle K Shell
- Dollar Tree
- Domino's Pizza
- Elms Equipment
- HD Supply Waterworks
- Jack in the Box
- Johnnys Burritos
- Jordan Implement
- KVL Tires
- La Brucherie Irrigation Supply
- Little Caesars
- McDonald's
- McNeece Bros Oil
- O'Reilly Auto Parts
- Pacific Ag Rentals
- Pilot Travel Center
- Prime Fuel & Mini Mart
- RDO Water
- Vons
- Walmart Supercenter



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.

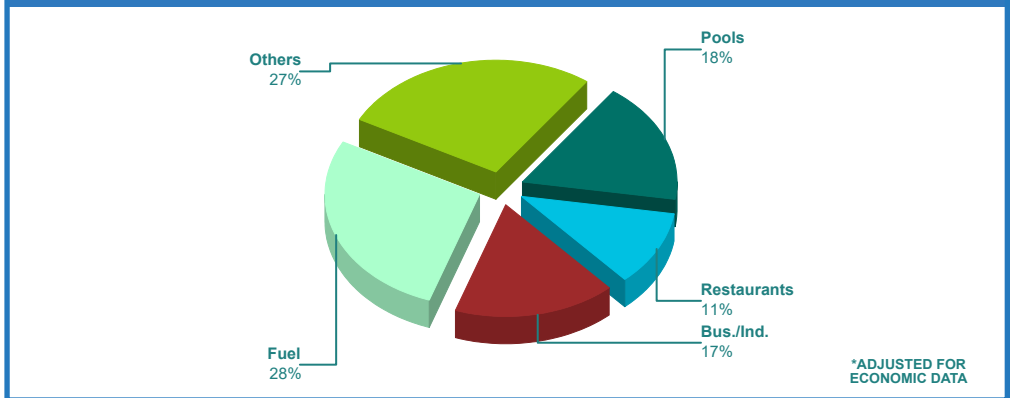
Restaurants experienced only a modest

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 Brawley This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brawley Business Type	Q2 '24	Change	County Change	HdL State Change
Service Stations	151,512	-1.5% ↓	2.6% ↑	2.3% ↑
Quick-Service Restaurants	73,914	-1.9% ↓	2.8% ↑	1.2% ↑
Warehse/Farm/Const. Equip.	64,981	-24.2% ↓	-6.3% ↓	-8.2% ↓
Automotive Supply Stores	26,214	5.1% ↑	1.3% ↑	-3.3% ↓
Casual Dining	16,365	-10.0% ↓	2.2% ↑	0.7% ↑
Auto Repair Shops	7,734	11.9% ↑	-35.5% ↓	-4.1% ↓
Convenience Stores/Liquor	5,961	-1.3% ↓	-5.3% ↓	-0.6% ↓
Business Services	5,193	52.9% ↑	38.6% ↑	1.5% ↑
Heavy Industrial	4,554	-13.7% ↓	-27.0% ↓	-1.0% ↓
Government/Social Org.	3,839	-11.3% ↓	-8.0% ↓	11.8% ↑

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