

CITY OF BRAWLEY

SALES TAX UPDATE

3Q 2024 (JULY - SEPTEMBER)



BRAWLEY

TOTAL: \$ 879,056

-2.4%

3Q2024



-12.3%

COUNTY



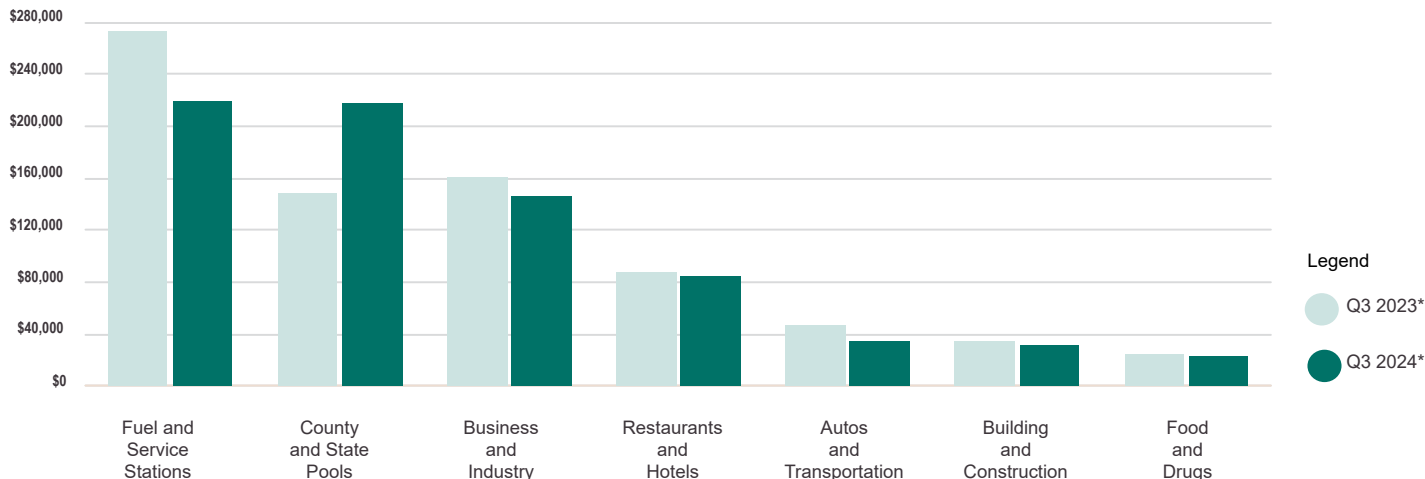
-2.3%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BRAWLEY HIGHLIGHTS

Brawley's receipts from July - September were 2.3% higher than the same period in 2023. However, excluding reporting anomalies, which included a large delayed payment that was not received last year as is typical, and that made for an easy comparison, actual sales were down 2.4%, mirroring the statewide trend.

The primary factor for this decline was the lower crude oil prices this year compared to last year's high levels, driven by OPEC production cuts and geopolitical conflicts, which negatively impacted tax receipts for local fuel-service stations.

Tax revenue from warehouse/farm/construction equipment operators also decreased compared to the previous year. A surge in revenue from a single business, which experienced high sales last year possibly due to initial investments in equipment and assets, returned to normal

levels this year, negatively impacting auto-transportation related revenue. Additionally, a business closure affected restaurant returns.

Statewide, the sale of building-construction supplies struggled due to a stagnant housing market, reducing demand for home renovations and other projects.

However, allocations from the countywide use-tax pool surged due to substantial revenue from a local infrastructure project.

Measure J, the City's newly voter-approved district tax, goes into effect on April 1, 2025.

Net of anomalies, taxable sales for all of Imperial County declined 12.3% over the comparable time period, while the Southern California region saw a 2.3% decline.



TOP 25 PRODUCERS

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



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

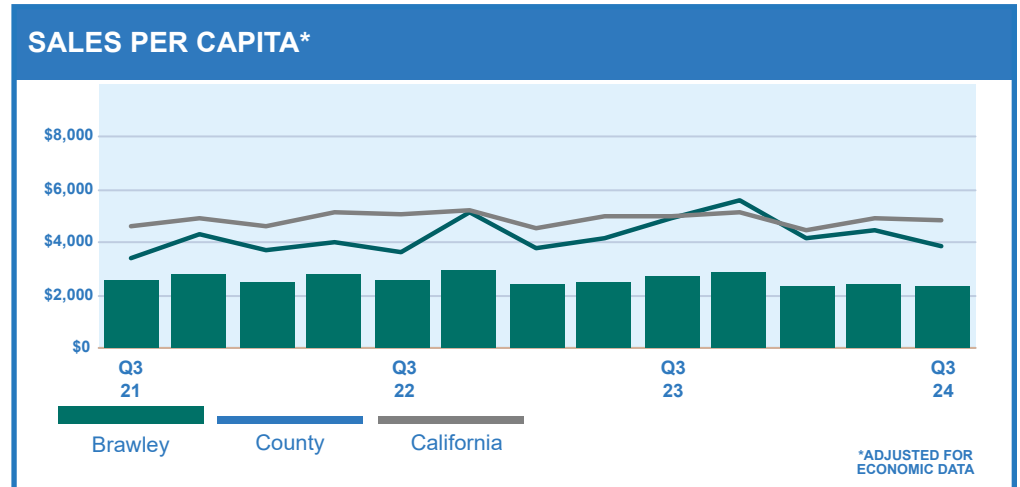
Brick-and-mortar general consumer retailers pulled back 3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments – consistent with spending trends in other sectors. State

mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren’t considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Brawley Business Type	Q3 '24	Change	County Change	HdL State Change
Service Stations	135,843	-15.4% ↓	-11.7% ↓	-12.8% ↓
Warehse/Farm/Const. Equip.	90,688	-12.1% ↓	-12.5% ↓	-2.5% ↓
Quick-Service Restaurants	66,770	-3.0% ↓	0.6% ↑	1.1% ↑
Repair Shop/Equip. Rentals	33,014	0.2% ↑	-6.3% ↓	1.3% ↑
Automotive Supply Stores	27,437	-0.9% ↓	-0.5% ↓	-0.7% ↓
Casual Dining	14,179	-13.7% ↓	5.8% ↑	1.1% ↑
Grocery Stores	13,769	-1.0% ↓	-0.6% ↓	1.4% ↑
Auto Repair Shops	7,414	-60.9% ↓	-23.6% ↓	-2.5% ↓
Convenience Stores/Liquor	5,848	3.2% ↑	-0.3% ↓	-2.1% ↓
Heavy Industrial	4,431	-9.0% ↓	-9.6% ↓	-0.4% ↓

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