

CITY OF MONROVIA

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



MONROVIA

TOTAL: \$ 2,962,906

-7.1%

2Q2023



-4.2%

COUNTY



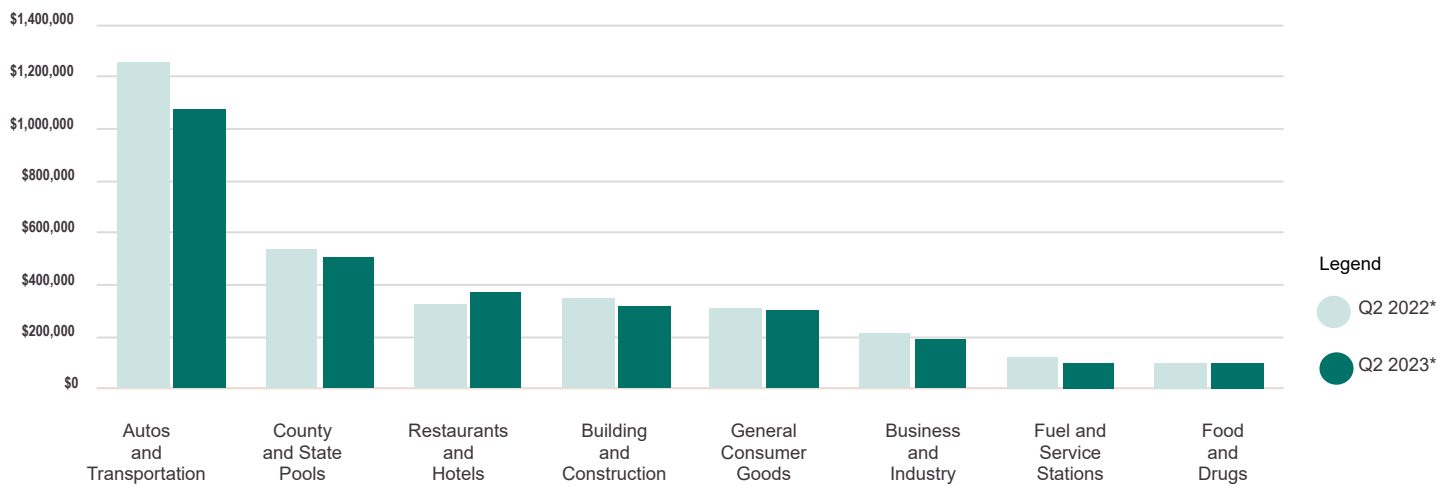
-2.9%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure K

TOTAL: \$1,719,732

↓ -0.2%



CITY OF MONROVIA HIGHLIGHTS

Monrovia's receipts from April through June were 5.4% below the second sales period in 2022. Excluding reporting aberrations, actual sales were down 7.1%.

The City experienced the largest drop in its biggest sector, autos-transportation. This includes new motor vehicle dealers, auto lease, and auto repair shops. Despite a surge in new car transactions, statewide sales tax receipts in this quarter experienced a small decline over the previous year.

Results from building materials, contractors, service stations, business services, drugs/chemicals, general consumer goods, convenience stores,

and the state and county pools were also down.

Returns from light industrial/printers, grocery stores, and casual, fast casual and quick service restaurants increased and combined to offset the overall quarterly loss.

The City's Transaction and Use Tax, Measure K, generated 58.2% of the Bradley Burns amount, led by the strongest performance in business-industry.

Net of aberrations, taxable sales for all of Los Angeles County declined 4.2% over the comparable time period; the Southern California region was down 2.9%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|--|
| 76 | Pick A Part Auto Dismantling |
| ABC Supply Co | Ross |
| BMW & Mini of Monrovia | Sierra Chevrolet of Monrovia |
| Chevron | Sierra Chrysler Dodge Jeep Ram of Monrovia |
| Financial Services Vehicle Trust | Sierra Honda of Monrovia |
| HGreg Infiniti Monrovia | Sierra Subaru of Monrovia |
| Home Depot | Superior Pool Products |
| Interior Services | TJ Maxx |
| Jays Shell | Trader Joe's |
| Kohls | Vons |
| Living Spaces Furniture | |
| Marshalls | |
| Mikomi Sushi Monrovia | |
| Myrtle Chevron | |
| Petsmart | |



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.

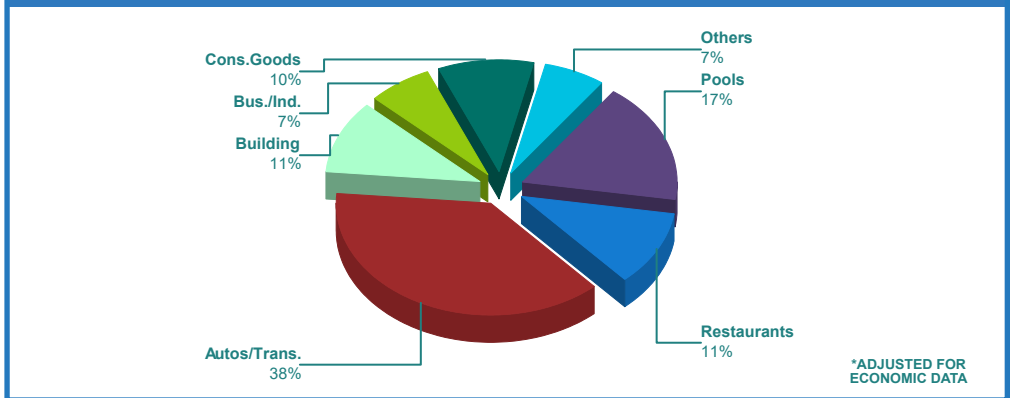
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Monrovia Business Type	Q2 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	837.2	-16.2% ↓	-3.6% ↓	-0.3% ↓
Building Materials	268.6	-11.0% ↓	-4.7% ↓	-8.0% ↓
Casual Dining	172.3	10.7% ↑	5.7% ↑	4.6% ↑
Auto Lease	161.1	-4.7% ↓	2.0% ↑	3.9% ↑
Quick-Service Restaurants	139.0	22.3% ↑	2.7% ↑	3.2% ↑
Family Apparel	104.8	1.8% ↑	-2.6% ↓	-1.0% ↓
Service Stations	102.1	-16.0% ↓	-21.7% ↓	-19.9% ↓
Grocery Stores	65.5	5.4% ↑	3.4% ↑	2.9% ↑
Specialty Stores	55.1	-0.2% ↓	1.2% ↑	-1.2% ↓
Auto Repair Shops	41.5	-14.9% ↓	-3.6% ↓	2.3% ↑

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars