

CITY OF FOWLER

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



FOWLER

TOTAL: \$ 614,691

6.6%
2Q2023



-2.3%
COUNTY

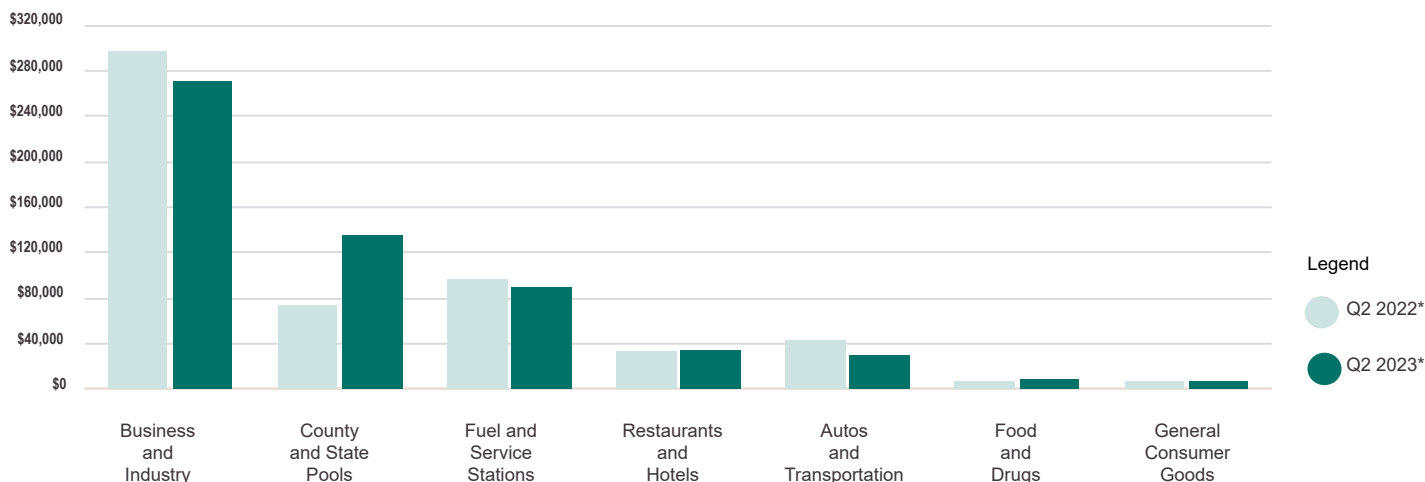


-2.9%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure N

TOTAL: \$553,926

↓ -4.0%



CITY OF FOWLER HIGHLIGHTS

Fowler's receipts from April through June were 56.2% above the second sales period in 2022 mainly because missing taxes in excess of \$200,000 were recovered. Ignoring this and other reporting corrections, receipts for the period were up a respectable 6.6%.

The only issues this quarter were the drop in transportation spending and the decline in business to business sales that is reflected in the business-industry group's results. The latter tends to be the most volatile group of all since it captures what are often onetime purchases of capital equipment.

The dip in gas station receipts was

expected and amounted to less than the State average.

Unlike the rest of the Valley, construction spending expanded during this period.

Measure N's results reflect purchases of soft and hard goods used within the community. Fewer cars and trucks were purchased and registered in Fowler while local businesses imported less capital equipment than at this time last year.

Net of adjustments, taxable sales for all of Fresno County declined 2.3% over the comparable time period while those of the San Joaquin Valley were down 3.4%.



TOP 25 PRODUCERS

Amerigas Propane	Kabab City
Arco AM PM	McDonald's
Big Tex Trailers	Mid Valley Packaging & Supply
Borga Steel Buildings & Components	Packline Technologies
Cal Ag Enterprises	Pape Machinery
Central States Industrial Equipment	PBM Supply & Manufacturing
Chevron Shop N Go	R & R Truck & Trailer Repair
Denny's	RDO Equipment Co.
Dollar General	Shell
Family Motors	Sierra Auto Center
Freedom Forever Procurement	Taco Bell
Gee Manufacturing	
Jack in the Box	
Johnny Quik	



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.

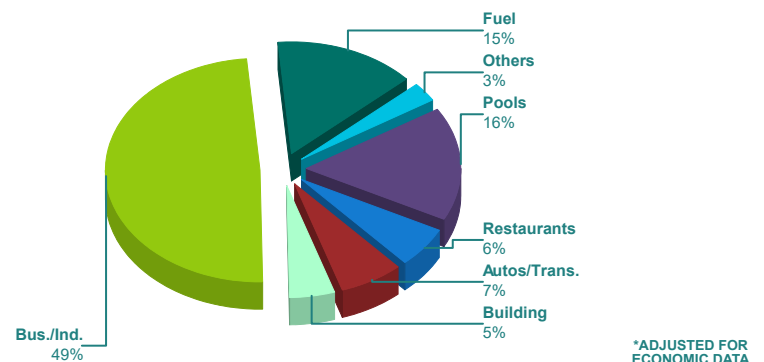
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Fowler Business Type	Q2 '23	Change	County Change	HdL State Change
Warehse/Farm/Const. Equip.	112,531	34.2% ↑	9.4% ↑	8.8% ↑
Service Stations	79,658	-6.5% ↓	-17.4% ↓	-19.9% ↓
Heavy Industrial	58,061	28.7% ↑	11.3% ↑	-5.6% ↓
Quick-Service Restaurants	24,333	20.6% ↑	4.3% ↑	3.2% ↑
Casual Dining	10,897	-16.1% ↓	3.0% ↑	4.6% ↑
Fuel/Ice Dealers	10,293	-2.4% ↓	5.5% ↑	-12.0% ↓
Auto Repair Shops	9,263	-19.8% ↓	-1.4% ↓	2.3% ↑

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