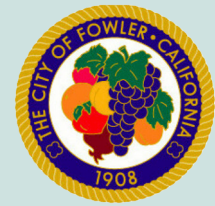


# CITY OF FOWLER

## SALES TAX UPDATE

### 3Q 2023 (JULY - SEPTEMBER)



#### FOWLER

TOTAL: \$ 489,966

-12.0%

3Q2023



-2.3%

COUNTY



-1.7%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure N

TOTAL: \$555,876

↓ -1.6%



#### CITY OF FOWLER HIGHLIGHTS

Fowler's receipts from July through September were 9.0% below the third sales period in 2022. Excluding reporting aberrations, actual sales were down 12.0%.

The business-industry group had dismal earnings from warehouse-farm-construction equipment and heavy industrial vendors. State-county pools, the City's third largest classification, was negative with a 7.9% drop as several major industry groups underperformed.

Restaurant-hotels had meager results as patrons chose to eat more at home rather than at casual dining. The autos-transportation category experienced bleak returns especially from used automotive dealers as buyers find it challenging to

finance vehicles with high interest rates. The food-drug category saw negative proceeds at grocery and convenience stores, as shoppers looked to discount stores for better bargains.

As people slowly return to their workplace, service stations continued to see modest profits while gas prices remained stable.

Measure N, the voter approved transaction tax, experienced weak collections with a 1.6% dip.

Net of aberrations, taxable sales for all of Fresno County declined 2.3% over the comparable time; the San Joaquin Valley was down 0.4%.



#### TOP 25 PRODUCERS

- |                                     |                               |
|-------------------------------------|-------------------------------|
| Amerigas Propane                    | McDonald's                    |
| Arco AM PM                          | Mid Valley Packaging & Supply |
| Big Tex Trailers                    | Packline Technologies         |
| Borga Steel Buildings & Components  | Pape Machinery                |
| Central States Industrial Equipment | PBM Supply & Manufacturing    |
| Chevron Shop N Go                   | R&R Truck & Trailer Repair    |
| Dollar General                      | RDO Equipment                 |
| Family Motors                       | Shell                         |
| Fowler Ace Hardware                 | Sierra Auto Center            |
| Freedom Forever                     | Taco Bell                     |
| Gee Manufacturing                   | Textrail Trailer Parts        |
| Jack in the Box                     |                               |
| Johnny Quik                         |                               |
| Liquor Cabinet                      |                               |



## 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.

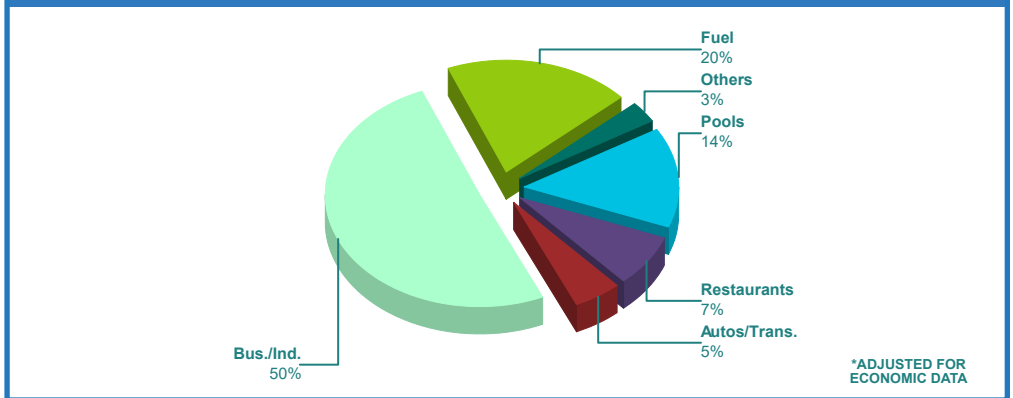
Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

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 Fowler This Quarter\*



### SALES PER CAPITA\*

