

# CITY OF FOWLER

## SALES TAX UPDATE

### 4Q 2023 (OCTOBER - DECEMBER)



#### FOWLER

TOTAL: \$ 512,593

-3.0%

4Q2023



-3.5%

COUNTY



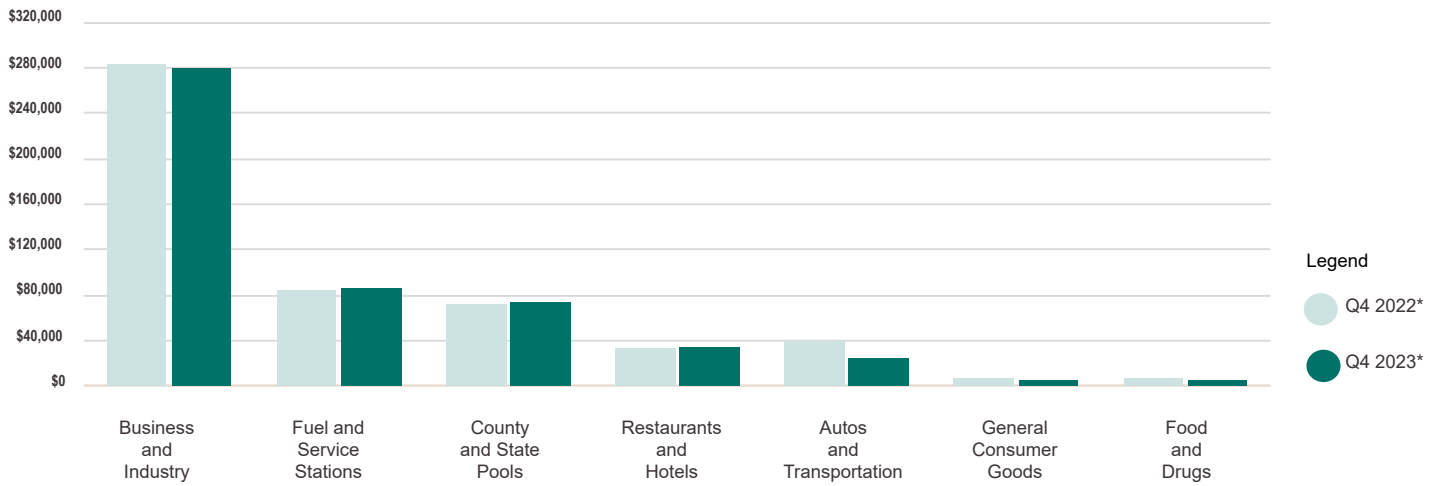
-2.5%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure N

TOTAL: \$461,999

↓ -4.9%



#### CITY OF FOWLER HIGHLIGHTS

Fowler's receipts from October through December were 5.3% above the fourth sales period in 2022. Excluding reporting issues, including late payments, receipts for the period were down 3.0%.

Inflation and high interest rates continue to influence consumers' spending choices and around the Valley, this means less is being spent for transportation needs.

The results of the business-industry group belie the fact that a number of areas saw growth in sales, but last year's total activity was marginally better.

Restaurants are the one sector that is nearly inflation-proof, and this period

saw an 8.5% jump in sales. This does not represent gains by all venues, but collectively, the gains outweighed the declines.

Measure N's results reflect much of what has been described above, with the exception that B-T-B spending for equipment and supplies increased enough to give the business-industry group a small gain.

Net of aberrations, taxable sales for all of Fresno County declined 3.5% over the comparable period while those of the San Joaquin Valley region were flat.



#### TOP 25 PRODUCERS

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



## STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women’s apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

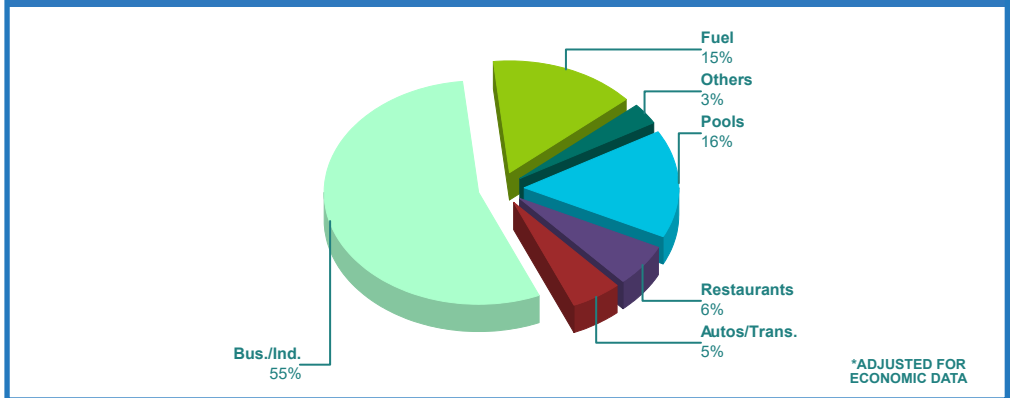
Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for ‘fast food restaurants’, on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady,

pool collections contracted more taxes allocated directly to local agencies via in-state fulfillment and through existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.

### REVENUE BY BUSINESS GROUP Fowler This Calendar Year\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Fowler Business Type	Q4 '23	Change	County Change	HdL State Change
Service Stations	76,133	5.4% ↑	-4.8% ↓	-4.9% ↓
Heavy Industrial	63,511	31.6% ↑	0.1% ↑	-8.9% ↓
Quick-Service Restaurants	23,777	8.3% ↑	1.9% ↑	0.3% ↑
Casual Dining	11,611	8.9% ↑	0.8% ↑	1.7% ↑
Auto Repair Shops	9,705	-0.3% ↓	-0.6% ↓	-3.0% ↓

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