

CITY OF AVALON

SALES TAX UPDATE

3Q 2024 (JULY - SEPTEMBER)



AVALON

TOTAL: \$ 545,130

5.3%
3Q2024



-2.7%
COUNTY

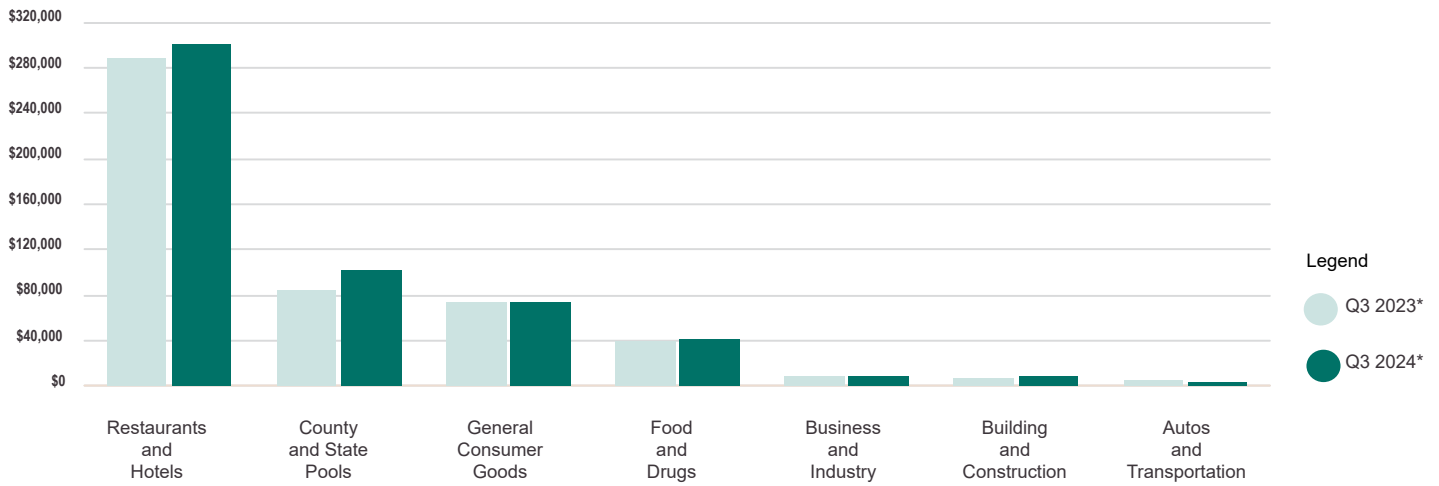


-2.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF AVALON HIGHLIGHTS

Avalon's receipts from July to September were 9.8% higher than the same period in 2023, although this increase was partly due to delayed payments in the comparison period. When excluding these and other reporting anomalies, actual sales rose by 5.3%, outperforming state and regional trends.

This strong performance increased the City's share of the countywide use-tax pool, as this funding is distributed among local agencies based on proportional cash returns.

Revenue from casual dining restaurants benefited from recent renovations at a popular local outlet, and many other local eateries also performed well, surpassing the general trend, which was up less than 1%. Statewide, high labor and food costs have driven menu prices up by about 7% over the past year,

leading some budget-conscious diners to cut back on restaurant visits, though the higher prices have also supported tax receipts for the category.

Food-drug store sales have also experienced inflation, as reflected in tax returns.

Excluding anomalies, taxable sales for all of Los Angeles County fell by 2.7% over the same period, while the Southern California region saw a decline of 2.3%.



TOP 25 PRODUCERS

Abes Liquor Store	NDMK Fish House
Bluewater Grill	Original Antonios Pizzeria
Buffalo Nickel	Original Jacks Restaurant
Buoys & Gulls	Pancake Cottage
Carnival Cruise Lines	Steves Steakhouse
Casino Ballroom	Topside By Ndmk
Catalina By The Sea	Vons
Catalina Pottery & Tile Co	
Coney Island West	
Dion & Sons Marine Fuels	
El Galleon	
Island Threadz	
Latitude 33	
Leos Catalina Drugstore	
Lobster Trap	
Luau Larrys	
Marlin Club	
Mi Casita Restaurant	



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.

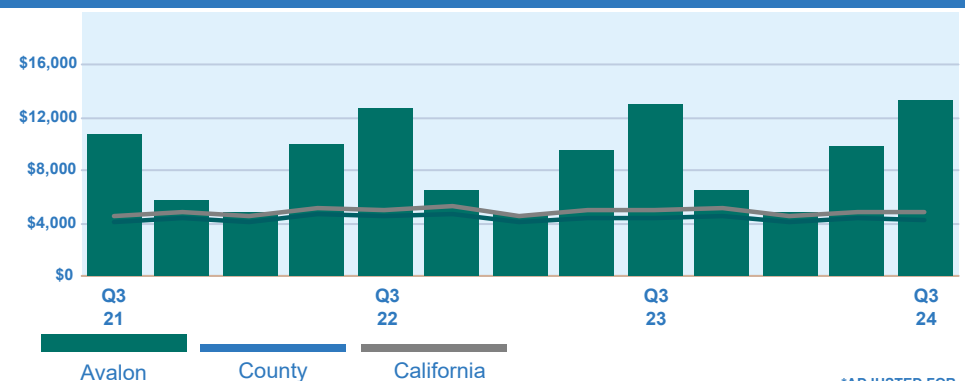
Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the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

SALES PER CAPITA*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Avalon Business Type	Q3 '24	Change	County Change	HdL State Change
Casual Dining	250,880	4.7% ↑	1.1% ↑	1.1% ↑
Art/Gift/Novelty Stores	30,458	0.4% ↑	6.7% ↑	1.5% ↑
Family Apparel	25,150	-0.7% ↓	1.0% ↑	-0.2% ↓
Leisure/Entertainment	14,086	-0.7% ↓	-7.7% ↓	-3.1% ↓
Specialty Stores	8,413	12.4% ↑	-0.4% ↓	-2.9% ↓
Women's Apparel	4,929	-10.0% ↓	-6.4% ↓	-5.8% ↓
Quick-Service Restaurants	4,839	-28.1% ↓	0.6% ↑	1.1% ↑
Sporting Goods/Bike Stores	3,221	15.3% ↑	-5.9% ↓	-4.2% ↓

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