

# CITY OF AVALON

## SALES TAX UPDATE

### 1Q 2023 (JANUARY - MARCH)



#### AVALON

TOTAL: \$ 188,845

-6.4%

1Q2023



-1.6%

COUNTY



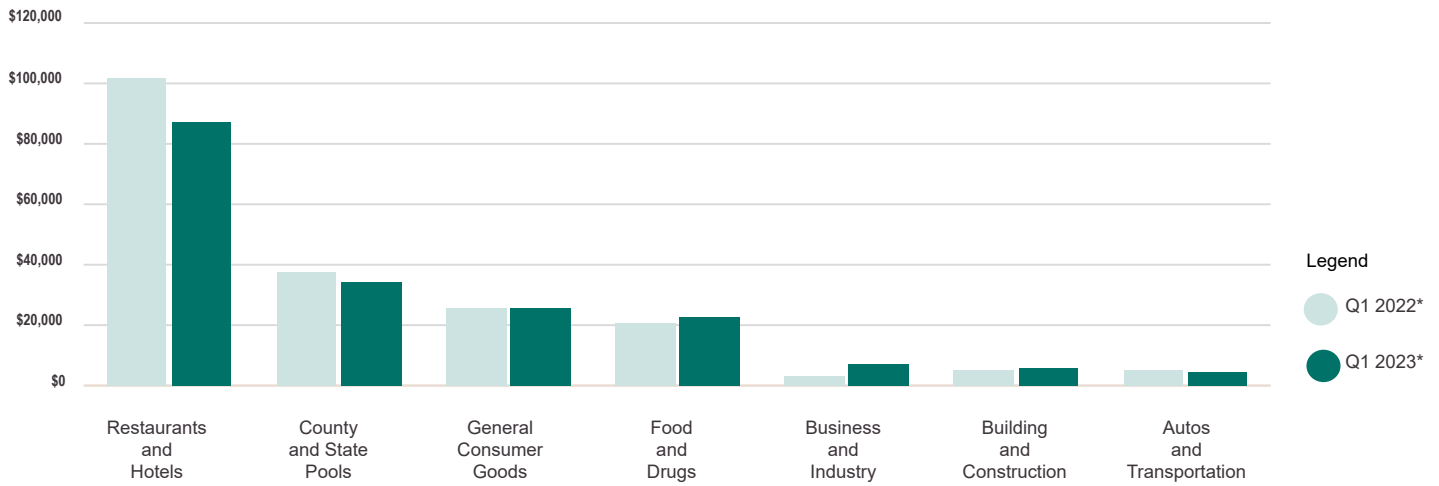
-1.1%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF AVALON HIGHLIGHTS

Avalon's receipts from January through March were 6.4% below the first sales period in 2022. Excluding reporting aberrations, actual sales were remain the same.

Revenue from restaurants and hotels decreased as higher menu prices deterred diners.

General consumer goods totals showed a slight decline as shoppers watch their finances closely over concerns of inflation and recession.

As inflation drives out-of-home food prices up, value grocery formats are benefiting, with visits to discount grocers rising in the face of higher food prices.

The business-industry sector posted modest increases in the first quarter of 2023.

The City's share of the countywide use tax pool decreased 9.4% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Los Angeles County declined 1.6% over the comparable time period; the Southern California region was down 0.9%.



#### TOP 25 PRODUCERS

Abe's Liquor Store  
Antonio's Deli  
Bluewater Grill  
Buffalo Nickel  
Buoys & Gulls  
Carnival Cruise Lines  
Casino Ballroom  
Catalina By The Sea  
Chets Hardware  
El Galleon  
Island Threadz  
Latitude 33  
Leos Catalina  
Drugstore  
Lobster Trap  
Luau Larry's  
Maggie's Blue Rose  
Marlin Club  
Mi Casita Restaurant  
NDMK Fish House

Original Jack's Country Kitchen  
Pancake Cottage  
Portofino Hotel  
Steve's Steakhouse  
The Locker Room  
Vons



## STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC's recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods' returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

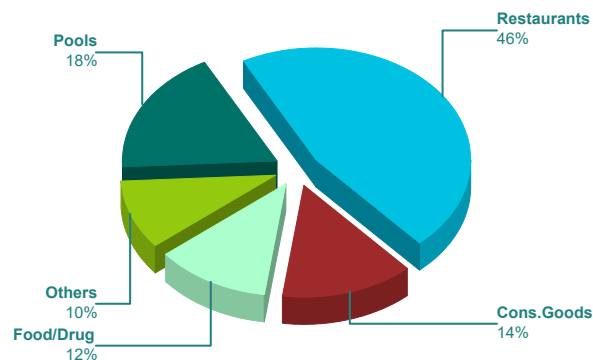
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve's actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

### REVENUE BY BUSINESS GROUP Avalon This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Avalon Business Type	Q1 '23	Change	County Change	HdL State Change
Casual Dining	73,409	-12.1% ↓	11.8% ↑	9.6% ↑
Family Apparel	10,012	-3.8% ↓	3.0% ↑	2.3% ↑
Art/Gift/Novelty Stores	9,732	-6.6% ↓	13.1% ↑	1.8% ↑
Leisure/Entertainment	4,087	-48.1% ↓	23.1% ↑	15.6% ↑
Specialty Stores	2,540	6.5% ↑	5.1% ↑	3.7% ↑
Quick-Service Restaurants	2,268	-26.7% ↓	5.8% ↑	5.1% ↑

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