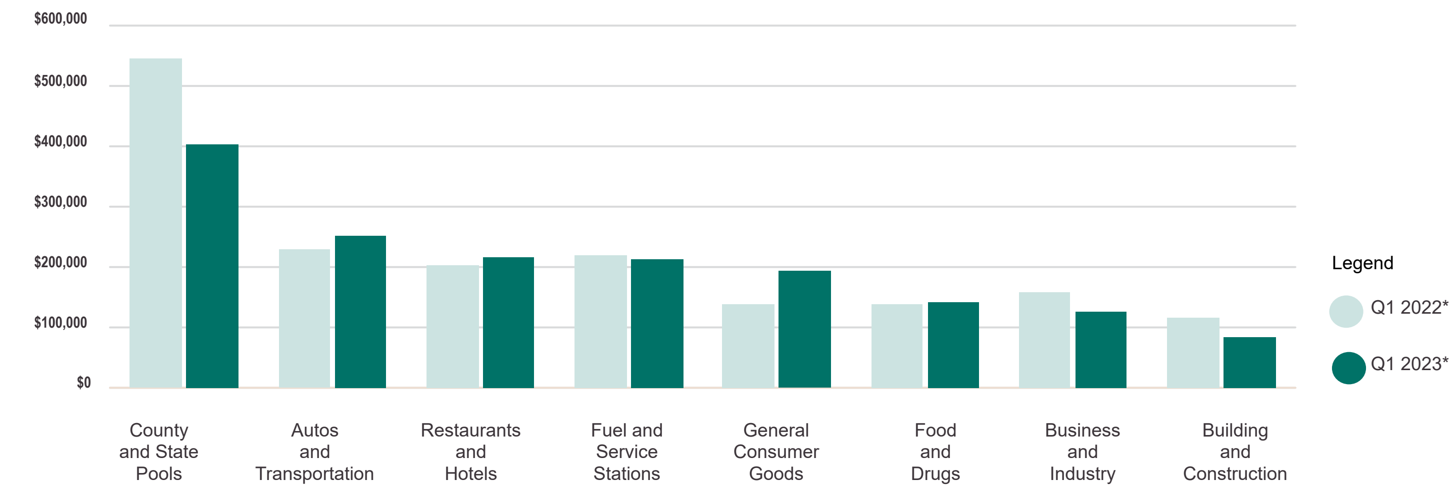
CITY OF HOLLISTER
SALES TAX UPDATE
1Q 2023 (JANUARY - MARCH)

HOLLISTER
TOTAL: $ 1,681,781

-4.0% 1Q2023 ↓	0.3% COUNTY ↑	-1.1% STATE ↓

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure W
TOTAL: $2,063,589
↑ 2.4%

CITY OF HOLLISTER HIGHLIGHTS

Hollister's receipts from January through March were 8.7% below the first sales period in 2022. Excluding reporting adjustments, receipts for the period were down 4.0%.

While businesses in the city reported a 6% gain in sales, partly because of outlets open less than a year, the city's pool allocation returning to its normal value cut receipts.

This time last year, the state deducted a large amount that had previously been sent to the county treasury in error. When that amount was first received, it understated the city's share of the pool and overstated the county's share, causing the city's allocation to decline. With the deduction last year, the situation was reversed and the city's allocation grew significantly to recover what had been lost. Now, the city's share of the pool is being calculated correctly. This transaction did not affect Measure W.

The declines reported by the construction and business/industry groups relate to the change in economic climate, falling lumber prices and the wet weather which delayed some outdoor project work.

Measure W's results also reflect pricing and weather impacts on construction. The number of new and used cars purchased fell this quarter after being up 4% and 9% respectively, this time last year.

Net of adjustments, taxable sales for all of San Benito County grew 0.3% over the comparable time period while those of the Central Coast region were down 3.6%

TOP 25 PRODUCERS

- Ace Hardware & Lumber
- AZ Electronics Materials
- Brigantino Irrigation
- Chevron
- Crop Production Services
- Gateway Arco AM PM
- Genesis Marketplace
- Greenwood Chevrolet
- Greenwood Ford
- Hollister Chevron
- Lucky 719
- McDonald's
- McKinnon Lumber
- Nob Hill Foods
- Quik Stop
- Ranch Gas & Food
- Ross
- Safeway
- Safeway Fuel Station
- Star Concrete
- Target
- Teknova
- TJ Maxx
- Ulta Beauty
- West Marine Products

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.

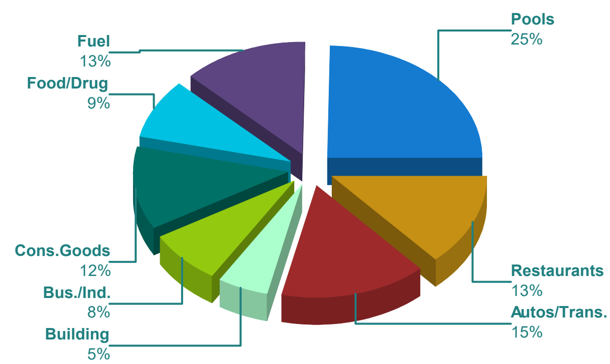
After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure 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
Hollister This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Hollister Business Type	Q1 '23*	Change	County Change	HdL State Change
Service Stations	213.8	-3.1%	-3.3%	-9.8%
Quick-Service Restaurants	102.9	2.0%	2.4%	5.1%
Casual Dining	89.7	9.7%	5.1%	9.6%
Grocery Stores	74.5	9.6%	8.6%	5.4%
Drugs/Chemicals	53.2	-10.1%	-9.9%	-3.1%
Automotive Supply Stores	52.2	7.2%	7.5%	5.4%
Building Materials	48.9	-28.6%	-28.6%	-9.8%
Garden/Agricultural Supplies	38.5	-30.6%	-32.2%	-18.9%
Contractors	31.2	-28.4%	-16.4%	-12.7%
Fast-Casual Restaurants	23.1	16.3%	13.6%	6.4%

Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars*