

CITY OF HOLLISTER

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



HOLLISTER

TOTAL: \$ 1,771,422

2.2%
2Q2023



3.2%
COUNTY

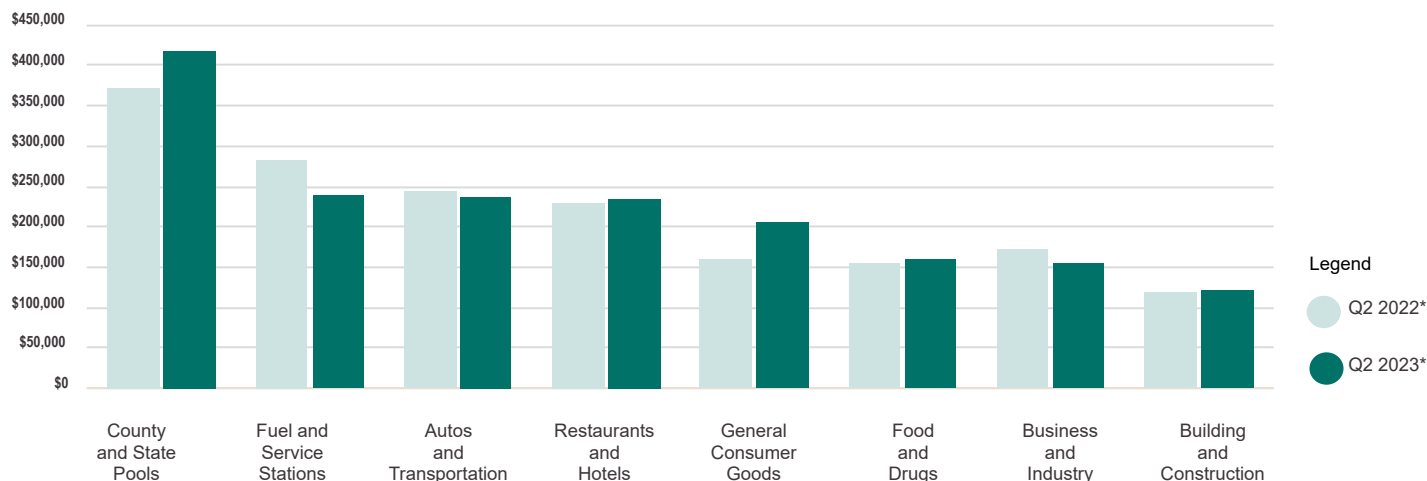


-2.9%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure W

TOTAL: \$2,302,804

↑ 2.5%



CITY OF HOLLISTER HIGHLIGHTS

Hollister's receipts from April through June were 6.7% above the second sales period in 2022. Excluding reporting aberrations, actual sales were up 2.2%.

State-county pools, the City's largest income, was strong with a 12.4% return because of a boost by several new retailers that performed well. As patrons enjoy eating out, quick-service and casual restaurants continue to benefit from encouraging gross receipts.

General consumer goods saw outstanding collections at family apparel and specialty stores as new retailers open their doors to the community. The food-drug segment

had positive gains at grocery stores as shoppers search for bargains.

Falling fuel prices that peaked in 2022 continue to compress services station profits. Autos-transportation group experienced soft returns from new car dealers as consumers found it more challenging to finance a vehicle with high interest rates.

Measure W, the voter approved transaction tax was positive generating a 2.5% return.

Net of aberrations, taxable sales for all of San Benito County grew 3.2% over the comparable time period; the Central Coast region was down 1.7%.



TOP 25 PRODUCERS

Ace Hardware & Lumber	Ranch Gas & Food
Brigantino Irrigation	Ross
Chevron	Safeway
Crop Production Services	Safeway Fuel Station
Gateway Arco AM PM	Shell Gas & Mini Mart
Genesis Marketplace	Shop N Save
Greenwood Chevrolet	Star Concrete
Greenwood Ford	Target
Hollister Chevron	Teknova
Lucky 719	TJ Maxx
McDonald's	Ultra Beauty
McKinnon Lumber	
Nob Hill Foods	
Quik Stop	



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia's invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

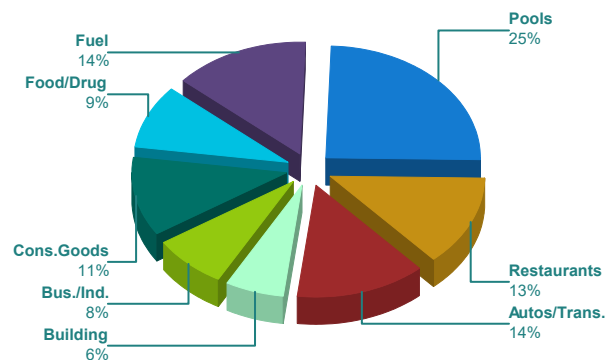
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

REVENUE BY BUSINESS GROUP Hollister This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Hollister Business Type	Q2 '23*	Change	County Change	HdL State Change
Service Stations	238.6	-15.2% ↓	-15.0% ↓	-19.9% ↓
Quick-Service Restaurants	112.7	0.5% ↑	1.8% ↑	3.2% ↑
Casual Dining	94.6	5.7% ↑	5.1% ↑	4.6% ↑
Grocery Stores	84.5	6.5% ↑	4.1% ↑	2.9% ↑
Building Materials	69.1	3.3% ↑	3.3% ↑	-8.0% ↓
Garden/Agricultural Supplies	64.7	-19.4% ↓	-11.2% ↓	-3.2% ↓
Automotive Supply Stores	55.0	9.1% ↑	8.3% ↑	3.3% ↑
Contractors	45.8	0.7% ↑	26.1% ↑	-2.9% ↓
Drugs/Chemicals	42.6	-3.9% ↓	-4.3% ↓	2.4% ↑
Family Apparel	41.2	na	na	-1.0% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars