

CITY OF HOLLISTER

SALES TAX UPDATE

3Q 2024 (JULY - SEPTEMBER)



HOLLISTER

TOTAL: \$ 1,722,475

-8.9%

3Q2024



-4.2%

COUNTY



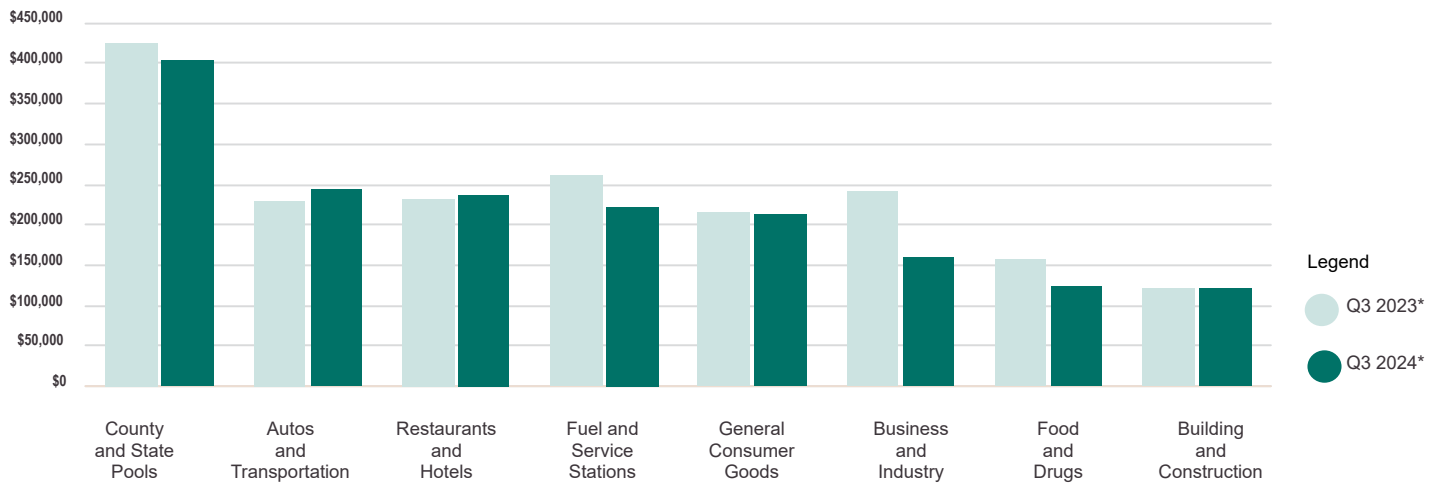
-2.3%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure W

TOTAL: \$2,270,090

↓ -7.8%



CITY OF HOLLISTER HIGHLIGHTS

Hollister's receipts from July through September were 15.0% below the third sales period in 2023. Excluding reporting aberrations, including missing payments, receipts for the period were down 8.9%.

This overall result cut the city's share of the use tax pool, causing the payout from the pool to shrink by nearly \$23,000.

The largest hit to receipts came from a one-time transaction posted last year as part of the business and industry group's results. This \$88,000 payment was not matched this period. Absent this, the group would have realized a 2.5% gain. Meanwhile, the prior closure of an

outlet accounted for most of the decline reported by the food and drug group.

Lower crude oil prices triggered a price drop that sank gas station receipts.

Measure W's results were mainly influenced by the decline in building activity compared to this time last year, which was near the end of a peak in activity.

Net of aberrations, taxable sales for all of San Benito County declined 4.2% over the comparable period while those of the Central Coast region were down 2.8%.



TOP 25 PRODUCERS

Ace Hardware & Lumber
Brigantino Irrigation
Crop Production Services
Dk Chevron
Engineered Lifting Systems & Equipment
Gateway Arco AM PM
Greenwood Chevrolet
Greenwood Ford
Hollister Chevron
Jacl in the Box
Lucky
McDonald's
McKinnon Lumber
Nob Hill Foods

Quik Stop
Ranch Gas & Food
Ross
Safeway
Safeway Fuel
Shell Gas & Mini Mart
Star Concrete
Taco Bell
Target
Teknova
TJ Maxx



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.

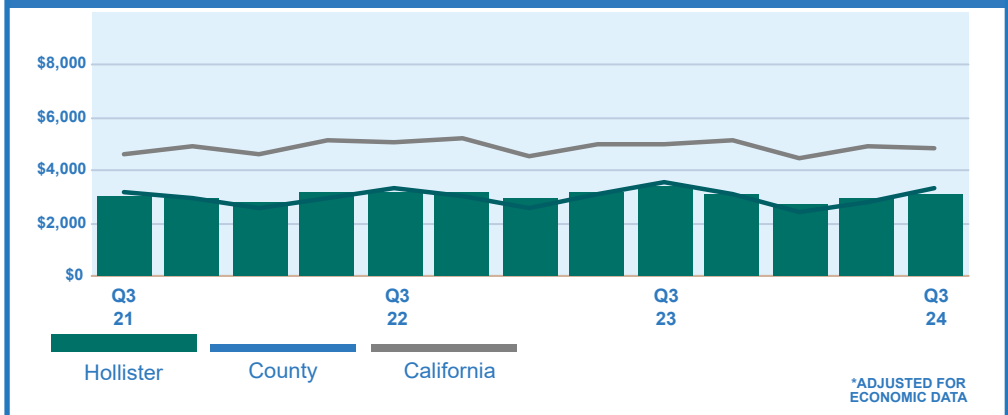
Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Hollister Business Type	Q3 '24*	Change	County Change	HdL State Change
Service Stations	221.9	-15.0% ↓	-14.4% ↓	-12.8% ↓
Quick-Service Restaurants	119.6	2.9% ↑	3.5% ↑	1.1% ↑
Casual Dining	85.5	-4.1% ↓	-10.3% ↓	1.1% ↑
Grocery Stores	83.2	-1.5% ↓	-1.4% ↓	1.4% ↑
Building Materials	64.8	1.3% ↑	1.3% ↑	-4.2% ↓
Garden/Agricultural Supplies	64.1	-15.1% ↓	11.1% ↑	-7.8% ↓
Automotive Supply Stores	53.7	1.4% ↑	0.7% ↑	-0.8% ↓
Contractors	49.0	-2.4% ↓	-8.9% ↓	-1.9% ↓
Family Apparel	48.6	2.1% ↑	2.0% ↑	-0.2% ↓
Repair Shop/Equip. Rentals	34.1	335.9% ↑	146.0% ↑	1.3% ↑

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*In thousands of dollars