CITY OF HOLLISTER
SALES TAX UPDATE
4Q 2023 (OCTOBER - DECEMBER)

HOLLISTER
TOTAL: $ 1,784,351

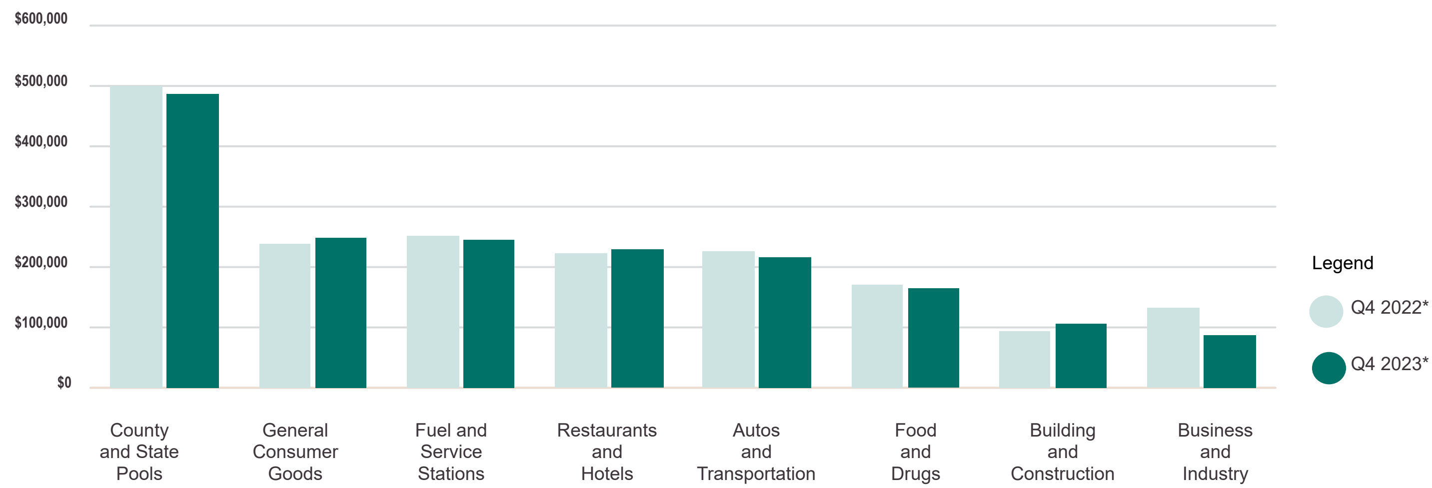
-3.1% 4Q2023

-2.5% COUNTY

-2.5% STATE

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure W
TOTAL: $2,344,970
1.2%

CITY OF HOLLISTER HIGHLIGHTS

Hollister's receipts from October through December were 3.8% below the fourth sales period in 2022. Excluding reporting aberrations, receipts for the period were down 3.1%.

Last year, there were a number of one-time investments in business equipment and supplies benefitting the business and industry group. This period represents a lull in such activity. Similarly, a lack of continued investment in new materials cut the size of the use tax pool and reduced the payout to the city.

On the flip side, construction activity picked up, while several general retail outlets added over the last year continued to add value to the tax base. Restaurant sales also grew, but the increase was likely from higher menu prices than increased patronage.

Measure W fared better, even as it faced the same issues as the Bradley Burns tax. Fortunately, the decline in equipment purchases was minor, while the jump in new construction activity was far greater.

Net of aberrations, taxable sales for all of San Benito County declined 2.5% over the comparable period; the Central Coast region was down 1.4%.

TOP 25 PRODUCERS

Ace Hardware & Lumber
Chevron
Gateway Arco AM PM
Genesis Marketplace
Greenwood Chevrolet
Greenwood Ford
Hollister Chevron
Lucky
McDonald's
McKinnon Lumber
Nob Hill Foods
Quik Stop
Ranch Gas & Food
Ross
Safeway
Safeway Fuel Station
Shell Gas & Food
Shop N Save
Star Concrete
Taco Bell
Target
Teknova
TJ Maxx
Ulta Beauty
Verizon Wireless

STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

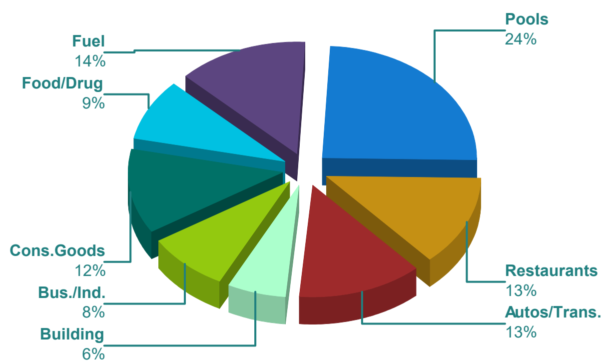
During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women's apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for 'fast food restaurants', on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady, pool collections contracted more taxes allocated directly to local agencies via in-state fulfillment and through existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.

REVENUE BY BUSINESS GROUP
Hollister This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Hollister Business Type	Q4 '23*	Change	County Change	HdL State Change
Service Stations	244.8	-2.0%	-2.5%	-4.9%
Quick-Service Restaurants	113.8	4.1%	3.9%	0.4%
Grocery Stores	89.6	-5.1%	-4.2%	-4.6%
Casual Dining	88.7	1.5%	7.5%	1.8%
Family Apparel	58.9	9.5%	9.4%	-0.4%
Building Materials	53.4	4.9%	4.9%	-2.0%
Automotive Supply Stores	49.8	-7.9%	-8.3%	-2.3%
Contractors	48.2	30.2%	31.3%	1.3%
Drugs/Chemicals	29.0	-28.2%	-27.2%	-0.2%
Fast-Casual Restaurants	25.2	9.5%	8.5%	1.6%

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars