

CITY OF PORT HUENEME

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



PORT HUENEME

TOTAL: \$ 573,551

-1.9%

1Q2023



4.0%

COUNTY



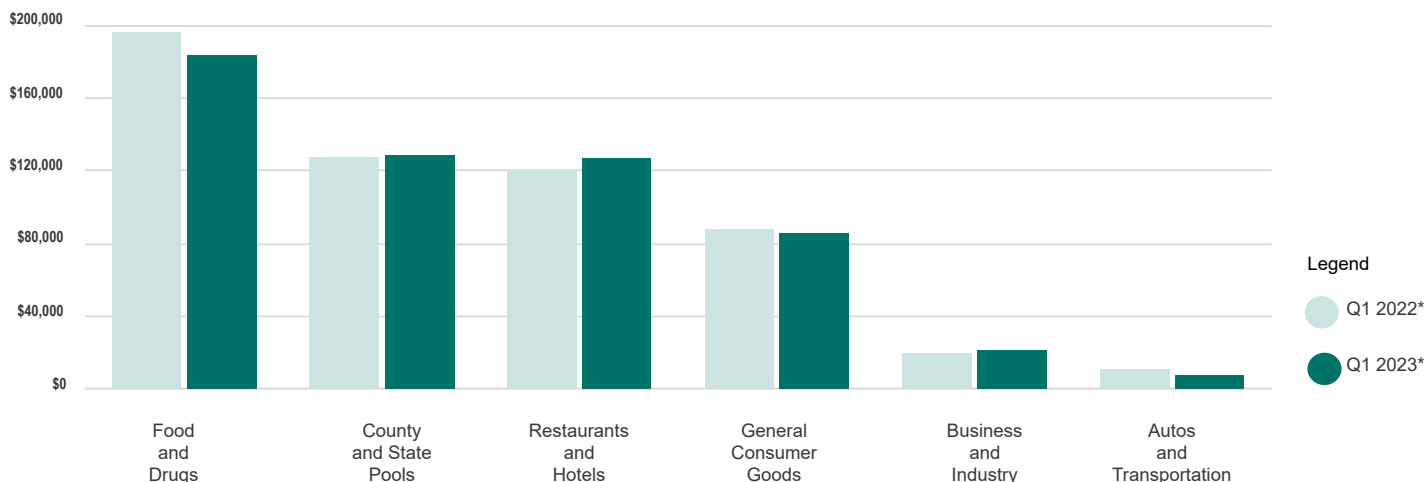
-1.1%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure W

TOTAL: \$398,774

↑ 1.8%

Measure U

TOTAL: \$797,227

↑ 1.8%



CITY OF PORT HUENEME HIGHLIGHTS

Port Hueneme's receipts from January through March were 14.1% above the first sales period in 2022. Excluding reporting aberrations, actual sales were down 1.9%.

Sales weakened in multiple sectors as consumers pulled back on purchases as they dealt with higher interest rates from federal policy makers influencing discretionary purchases. Food-drugs had another drop in revenue as the cannabis industry faced challenges during a quarter that adverse weather disrupted operations for many within the state.

Patrons sought out sit-down experiences at casual eateries or the convenience of quick service options for solid growth in restaurant receipts, even with a closure in the fast casual category. Future results may decline as consumers evaluate the

frequency with which they dine out or opt for more reasonably priced menu items.

Allocations from the countywide use-tax pool rose modestly even as online retailers shifted fulfillment of ecommerce order from out-of-state warehouses to closer, in-state locations. Some gains are related to business investments, while a taxpayer may have made a large overpayment that an audit review could correct in a future quarter.

Measures U and W had mixed results but posted gains, led by sales from the business/industrial and restaurant groups.

Net of aberrations, taxable sales for all of Ventura County grew 4.0% over the comparable time period; the Southern California region was down 0.9%.



TOP 25 PRODUCERS

- | | |
|--|------------------|
| 99 Cents Only | Ralphs |
| Big Lots | Rite Aid |
| CVS Pharmacy | Ross |
| El Capire | SafePort |
| From the Earth | Skunkmasters |
| Habit Burger Grill | Taco Bell |
| HPC | Tradecraft Farms |
| IHOP | Tree Factory |
| Jack in the Box | USA Gas |
| Liebherr Mining & Construction Equipment Inc | Wendy's |
| McDonalds | Wheelhouse |
| Panda Express | |
| Petco | |
| Pho Saigon Restaurant | |



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

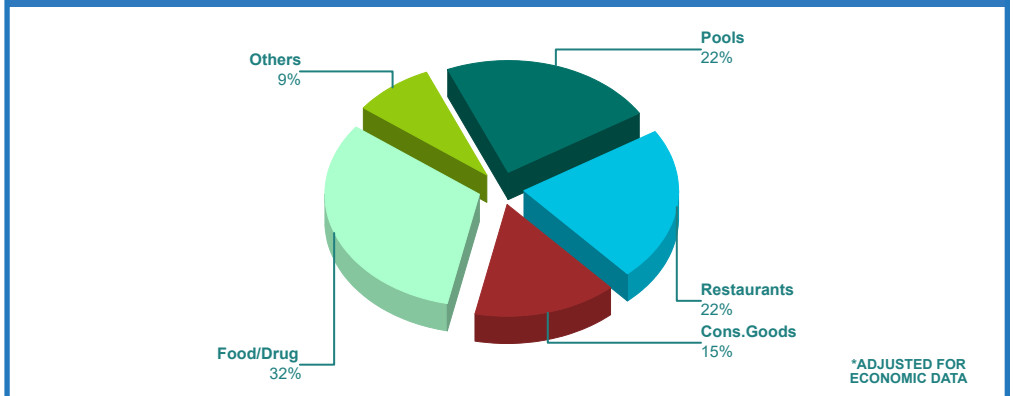
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Port Hueneme Business Type	Q1 '23	Change	County Change	HdL State Change
Cannabis Related	131,176	-8.7% ↓	16.0% ↑	-5.9% ↓
Quick-Service Restaurants	60,090	9.5% ↑	3.3% ↑	5.1% ↑
Casual Dining	41,060	10.1% ↑	6.3% ↑	9.7% ↑
Fast-Casual Restaurants	25,561	-8.9% ↓	4.4% ↑	6.4% ↑
Specialty Stores	14,579	-0.3% ↓	4.5% ↑	3.8% ↑
Convenience Stores/Liquor	13,975	-8.2% ↓	1.0% ↑	-4.9% ↓
Electronics/Appliance Stores	12,776	18.5% ↑	-6.6% ↓	-2.1% ↓
Cigarette/Cigar Stores	11,326	-7.9% ↓	-0.3% ↓	-5.2% ↓

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