

CITY OF WEST COVINA

SALES TAX UPDATE

1Q 2024 (JANUARY - MARCH)



WEST COVINA

TOTAL: \$ 6,338,094

11.3%
1Q2024



-0.8%
COUNTY

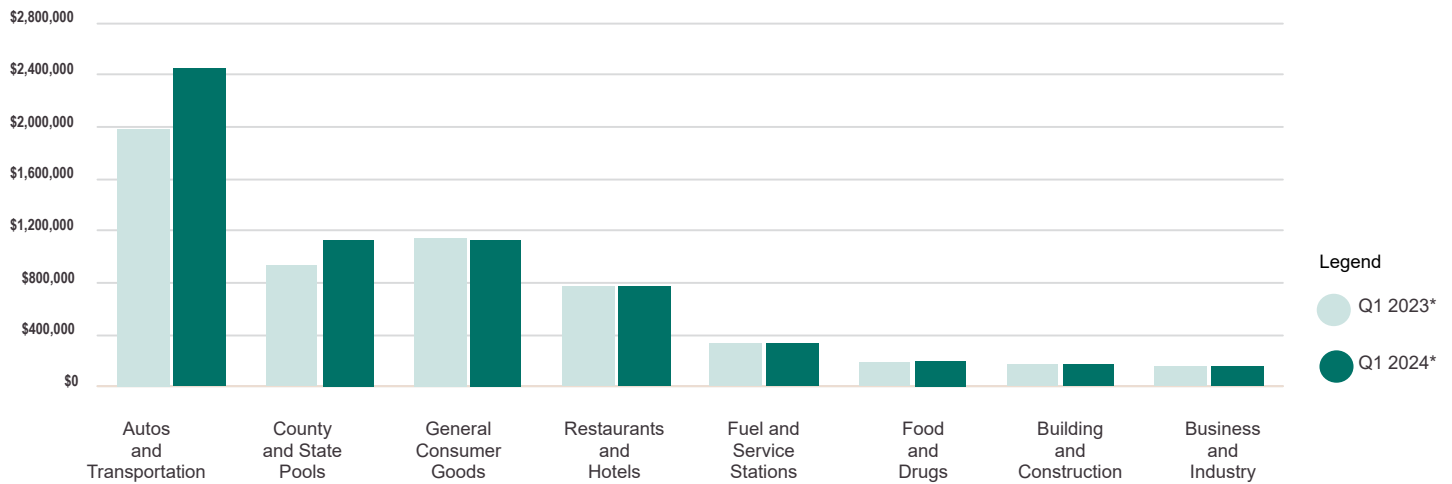


-0.2%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF WEST COVINA HIGHLIGHTS

West Covina's receipts from January through March were 15.9% above the first sales period in 2023. Excluding reporting aberrations, actual sales were up 11.3%.

The opening of a new showroom recently caused new motor vehicle dealer's comparisons to soar 29%; further exploration of this segment's data revealed mixed results from other sellers noting luxury brands cooled off.

The auto-transportation group's large increase extended into the pools; given the expansion of the Bradley Burns local 1% tax base, the City's pool formula share also surged, up 20% over first quarter 2023 distributions.

Two percent growth in food-drugs and business-industry were better than statewide estimates forecasted in March.

Restaurants eked out 1% greater tallies as patrons continued to absorb higher menu prices while seeking meal values. Quick service establishments rose 6% and made up for lesser taxes from casual and fast casual venues.

Weaker shoe stores and electronics/appliances sales coupled with a taxpayer filing change in home furnishings pushed general consumer goods downward by 1%.

A pullback in pump prices drove fuel-service stations lower by 3%. Less foot traffic and falling commodity prices yielded a 3% decrease from building-construction.

Net of aberrations, taxable sales for all of Los Angeles County declined 0.8%; the Southern California region was flat.



TOP 25 PRODUCERS

- 76
- Ashley Furniture Homestore
- Audi West Covina
- Azusa Arco
- Best Buy
- Chick Fil A
- Crestview Cadillac
- Envision Chrysler Dodge Jeep Ram of West Covina
- Envision Toyota of West Covina
- Home Depot
- Macy's
- Mercedes Benz of West Covina
- Mercedes Benz Vehicle Trust
- Norm Reeves Honda
- Performance Ford
- Plug In Auto
- Portos Bakery
- Reynolds GMC
- Ross
- Stater Bros
- Target
- Tesla Motors
- Tow Industries
- Triples Chevron
- Walmart Supercenter



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of January through March were 0.2% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year first quarter is traditionally the lowest sales tax generating period; however, returns were more on par with the comparison period.

One of the only sectors continuing to display declines was autos-transportation. High interest rates created more expensive long-term financing costs. Combined with a dramatic cost of insurance coverage rate spike, this group declined 7.5%.

Fuel and service stations was the other sector with a drop over last year. As California drivers embark on summer travel, they’ll do so with slightly elevated gas prices versus 2023, probably yielding the final period of negative results for the category heading into 2025.

During this post-holiday shopping period, general consumer goods experienced a soft rebound with very modest 0.5% growth. Although retailers selling gas were hurt by fuel prices, it did not stop family apparel and department stores from lifting revenues.

Restaurant activity contributed constant growth of 2.1%. Only fine dining establishments remain hindered as more affordable menus are preferred. Also, it appears some eateries made operational changes while implementing AB 1228; however, there isn’t enough data

yet to understand if this new bill impacted revenue.

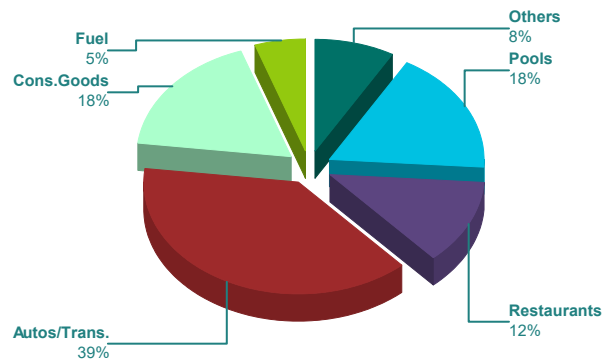
Seemingly dramatic one-time events helped boost business-industry, as investments in office supplies-furniture and energy projects were a significant reason for 3.6% gains this quarter. Additionally, strong fulfillment center direct payments demonstrated sustained logistical expansion. When coupled with improved returns via the countywide use tax pools, customers demonstrated e-commerce preferences for obtaining various goods. Overall

pool allocations improved 1.6%.

Statewide, 2024 begins in a more positive fashion compared to the recent trends of 2023. Buoyed 1st quarter results may signify ‘the floor’ helping ease tax revenue concerns while awaiting the next growth cycle. The Federal Reserve and their position with the Fed Funds Rate remains the most probable component between economic stagnation or spring-boarding consumer spending. Tourism and local travel in the coming summer period could further inspire confidence.

REVENUE BY BUSINESS GROUP

West Covina This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

West Covina Business Type	Q1 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,032.3	28.8% ↑	-5.8% ↓	-10.5% ↓
Casual Dining	350.6	-2.5% ↓	2.1% ↑	2.4% ↑
Quick-Service Restaurants	342.3	6.2% ↑	1.7% ↑	2.6% ↑
Service Stations	327.1	-3.1% ↓	-0.4% ↓	-0.9% ↓
Auto Lease	175.3	6.6% ↑	1.1% ↑	4.2% ↑
Family Apparel	164.2	0.7% ↑	7.9% ↑	7.6% ↑
Specialty Stores	151.8	-3.2% ↓	-0.4% ↓	-2.3% ↓
Electronics/Appliance Stores	135.2	-2.3% ↓	-5.4% ↓	-6.6% ↓
Grocery Stores	120.3	4.0% ↑	4.6% ↑	2.8% ↑
Fast-Casual Restaurants	57.5	-3.3% ↓	-0.7% ↓	2.1% ↑

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*In thousands of dollars