

CITY OF ARCATA

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



ARCATA

TOTAL: \$ 790,984

4.2%
2Q2024



-1.9%
COUNTY

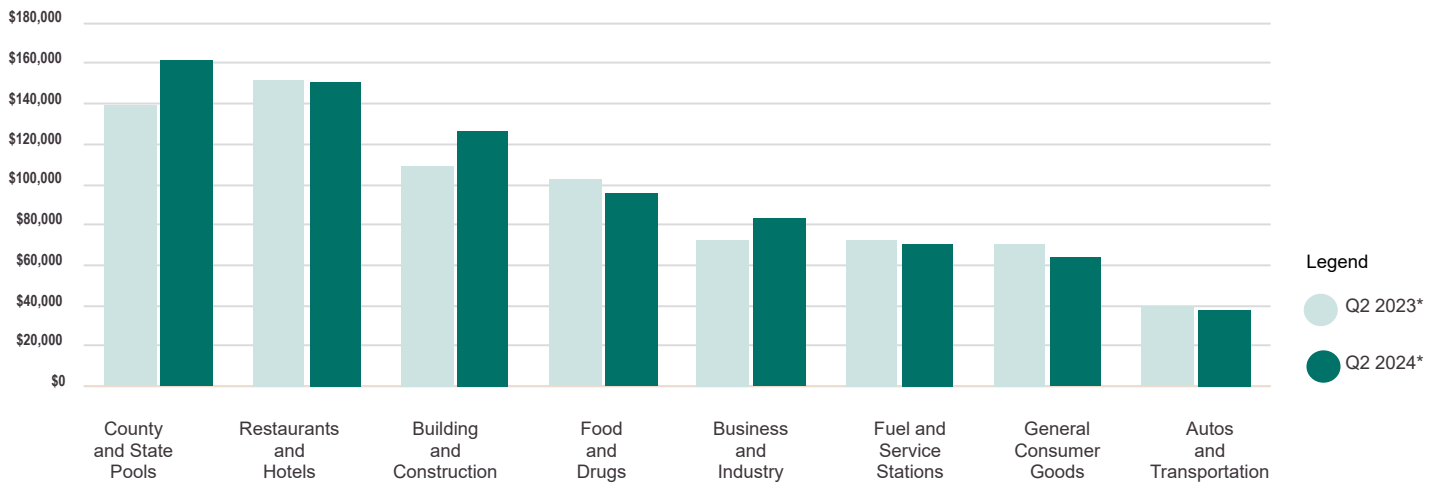


-0.6%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure G

TOTAL: \$740,915

5.0%



CITY OF ARCATA HIGHLIGHTS

Arcata's receipts from April through June were 6.0% above the second sales period in 2023. Excluding reporting aberrations, actual sales were up 4.2%.

State-county pools, the City's largest income category, had solid gains with a 15.6% return. Building-construction gross receipts were solid, as contractors saw demand for their services during this period. Likewise, the business-industry benefitted from government/social organizations as well as other positive business activity in this sector, which experienced excellent revenue.

Restaurant-hotels had meager results as patrons choose to eat more at home rather than at quick-service dining

establishments as they become more heighten to price sensitivity. General consumer goods saw negative proceeds at specialty and sporting goods/bike stores as consumers limited their purchases as they still have concerns about the direction the economy is going.

Measure G, the City's voter approved transaction tax, experienced positive collections with returns of 5.0% driven primarily by the building-construction category.

Net of aberrations, taxable sales for all of Humboldt County declined 1.9% over the comparable time period; the Far North region was down 0.3%.



TOP 25 PRODUCERS

76	Mill Yard
C & K Johnson Industries	Murphys Sunnybrae Market
Chevron	North Coast Cooperative
CVS Pharmacy	Oriental Buffet
Eureka Sand & Gravel	Patriot Gasoline
Fireplace	Safeway
Fourth Street Market	Shell
Liquors Deli	State Of Jefferson Public House
Franklins Service	Tonis Restaurant
Harbor Freight Tools	Tractor Supply
Hensels Ace Hardware	Valley Pacific Petroleum Services
Humboldt Fasteners & Tools	Wildberries Marketplace
Kens Auto Parts & Truck Accessories	
McDonald's	



STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it's only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men's and women's apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper's preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

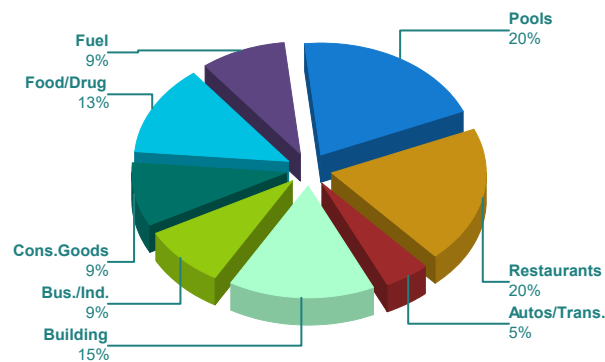
Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted - state law increasing California's minimum wage at designated eateries - third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

REVENUE BY BUSINESS GROUP Arcata This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Arcata Business Type	Q2 '24	Change	County Change	HdL State Change
Casual Dining	90,246	2.2% ↑	1.3% ↑	0.8% ↑
Building Materials	86,742	-1.4% ↓	-3.7% ↓	-3.0% ↓
Grocery Stores	54,599	-1.7% ↓	-2.5% ↓	1.6% ↑
Service Stations	52,538	-4.3% ↓	-4.5% ↓	2.3% ↑
Contractors	39,871	87.0% ↑	10.2% ↑	-0.2% ↓
Quick-Service Restaurants	28,318	-8.0% ↓	-6.6% ↓	1.2% ↑
Auto Repair Shops	21,431	-3.3% ↓	-7.5% ↓	-4.0% ↓
Garden/Agricultural Supplies	19,429	-7.0% ↓	-32.5% ↓	-6.8% ↓
Specialty Stores	17,263	-1.1% ↓	-5.6% ↓	-4.8% ↓
Cannabis Related	16,788	-18.0% ↓	-10.6% ↓	-10.8% ↓

*Allocation aberrations have been adjusted to reflect sales activity