

MENDOCINO COUNTY UNINC.

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



MENDOCINO COUNTY

TOTAL: \$ 2,088,527

-6.9%
COUNTY UNINC.



-4.1%
COUNTY

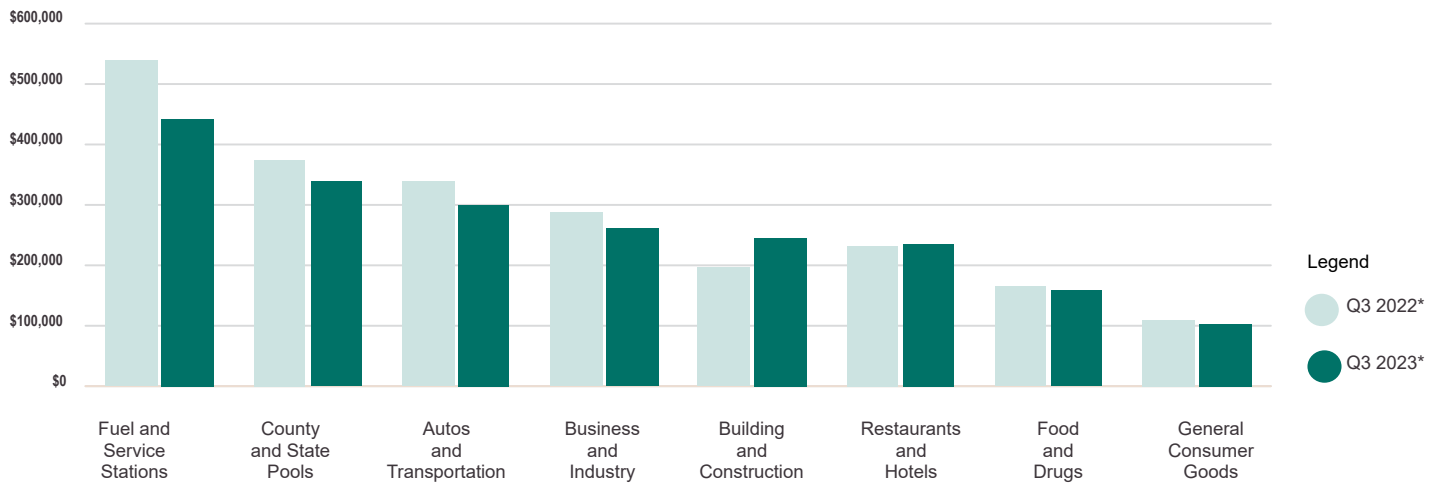


-1.6%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



MENDOCINO COUNTY UNINCORPORATED HIGHLIGHTS

The unincorporated area's receipts from July through September were 10.8% below the third sales period in 2022. Excluding reporting aberrations, actual sales were down 6.9%.

Falling fuel/petroleum prices that peaked in the second quarter of 2022 have continued to compress service station profits. State and county pools, the County's second largest income classification, was bleak with a -9.9% return resulting from poor performances by several of the major industry categories.

The business-industry group had dismal revenues from light industrial/printers, heavy industrial, and other negative business activity in this sector. In addition, the food-drug category had meager proceeds at grocery stores as shoppers look to discount stores

for better bargains. Likewise, general consumer goods saw weak gross receipts at several stores as customers have some hesitancy about the direction the economy is going.

Building-construction gross receipts were excellent as building materials and contractors saw continued demand for their services. Restaurant-hotels had mixed results as patrons make price sensitive decisions to eat more at quick service and fast-casual establishments rather than at casual dining venues.

Net of aberrations, taxable sales for all of Mendocino County declined 4.1% over the comparable time period; the Far North region was down 3.1%.



TOP 25 PRODUCERS

101 Market & Deli
76 Gas Station
Acme Rigging Co
Big Daddy Garden Supply

Bray Trucking
California Shingle & Shake Co
Granite Construction
Graviers Chevron
Gualala Chevron

Harvest At Mendosa
In N Out Burger
Lovers Lane Chevron
Mendo Mill & Lumber Company

Navarro Vineyards
Nor Cal Gasoline
Norcal Recycled Rock & Aggregate
Pace Supply

Peterson Tractor Co
Raley's
Red Coast Fuels
Chevron
Redwood Market
Shell
Thurston Auto Plaza
Chevrolet Toyota
Thurston Chrysler
Dodge Jeep Ram
Thurston Honda



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

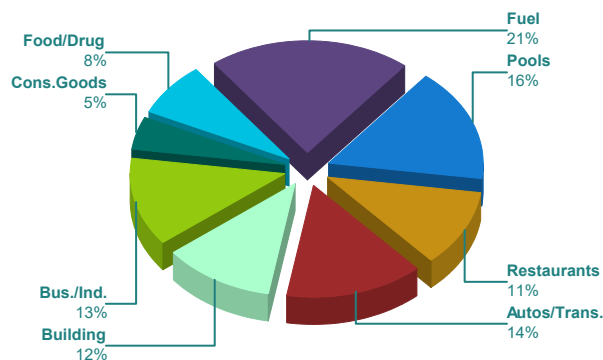
Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP Mendocino Co. Uninc This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q3 '23*	Change	County Change	HdL State Change
Service Stations	262.8	-4.9% ↓	-7.0% ↓	-7.4% ↓
Grocery Stores	113.1	-4.6% ↓	0.4% ↑	2.3% ↑
Contractors	105.9	31.9% ↑	24.6% ↑	-1.1% ↓
Casual Dining	87.5	-3.9% ↓	0.8% ↑	2.8% ↑
Garden/Agricultural Supplies	76.9	21.1% ↑	-3.8% ↓	1.8% ↑
Building Materials	70.9	16.7% ↑	2.2% ↑	-2.7% ↓
Hotels/Motels	58.9	1.6% ↑	1.6% ↑	0.8% ↑
Wineries	53.5	1.7% ↑	2.0% ↑	-2.8% ↓
Quick-Service Restaurants	43.4	3.3% ↑	4.4% ↑	2.7% ↑
Auto Repair Shops	38.1	10.5% ↑	13.1% ↑	-1.0% ↓

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*In thousands of dollars