

MENDOCINO COUNTY UNINC.

SALES TAX UPDATE

4Q 2023 (OCTOBER - DECEMBER)



MENDOCINO COUNTY

TOTAL: \$ 1,904,208

4.4%
COUNTY UNINC.



-1.2%
COUNTY

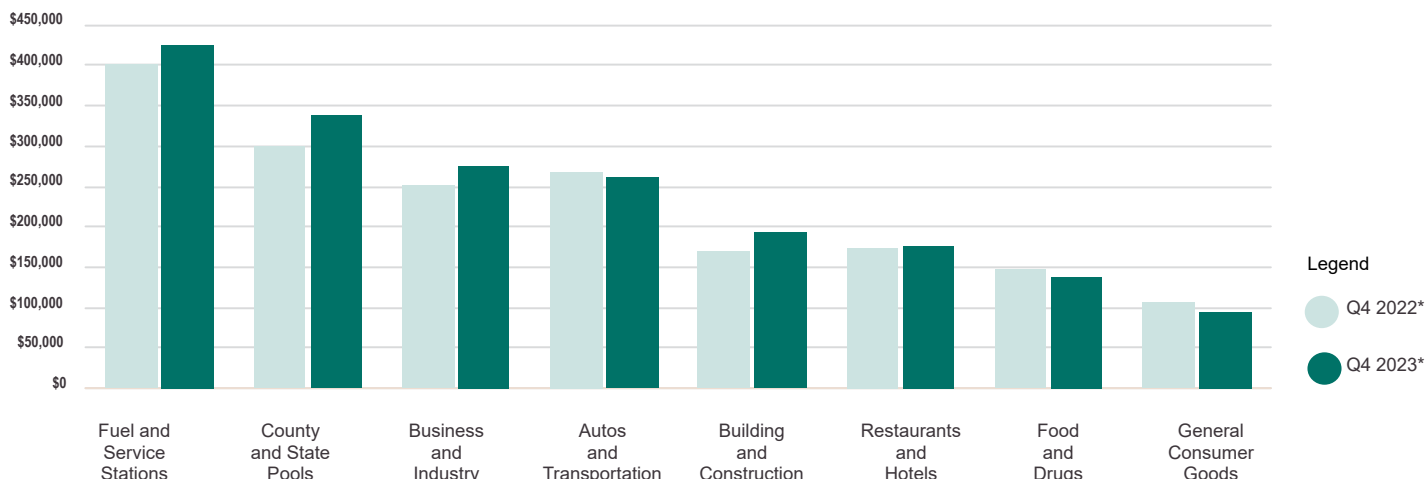


-2.5%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



MENDOCINO COUNTY UNINCORPORATED HIGHLIGHTS

The unincorporated area's gross receipts from October through December were 13.1% above the fourth sales period in 2022. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were up 4.4%. The majority of sales tax categories posted positive results.

Although crude oil pricing fluctuated during the quarter, fuel-service station revenues shot up 5.6%. Business-industry gained compared to a year ago – supported by garden-agricultural supplies and light industrial sector sales.

Overall Growth in point-of-sale revenues helped boost the County's allocation of the countywide use tax pool by almost 13%.

Building materials purchases and

increased contractor activity lifted building-construction receipts into positive territory for the third consecutive quarter. Hotels-motels and quick-service dining revenues helped offset declines in casual dining during the busy holiday season.

Conversely, autos-transportation dipped as sales among the various sectors in this group slowed. Declines in cannabis and grocery store returns drove down the food-drugs group. General retail dropped for the eighth consecutive quarter, possibly reflecting cautious consumer spending.

Net of adjustments, taxable sales for all of Mendocino County declined 1.2% over the comparable time period; the Far North region was down 2.6%.



TOP 25 PRODUCERS

101 Market & Deli
76

Acme Rigging Co

Bray Trucking

California Shingle &
Shake Co

Defatte Equipment

Granite Construction

Graviers Chevron

Harvest At Mendosa

In N Out Burger

Lovers Lane Chevron

Mendo Mill & Lumber
Company

Motosports of Ukiah

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 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.

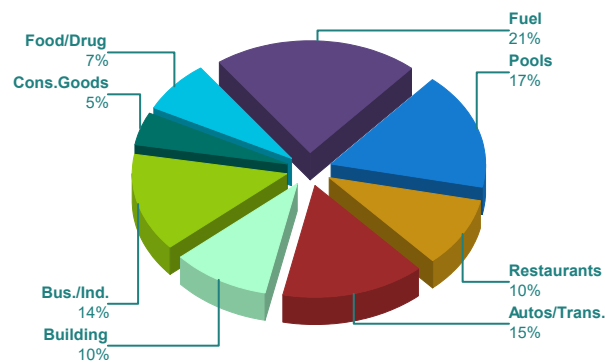
Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady, pool collections contracted with more taxes allocated directly to local agencies via in-state fulfillment and through

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

Mendocino Co. Uninc This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q4 '23*	Change	County Change	HdL State Change
Service Stations	217.8	-5.6% ↓	-4.1% ↓	-4.9% ↓
Grocery Stores	98.5	-5.6% ↓	-7.3% ↓	-4.6% ↓
Contractors	78.3	7.0% ↑	-3.1% ↓	1.3% ↑
Wineries	70.9	0.8% ↑	-0.1% ↓	-5.7% ↓
Casual Dining	67.9	-5.7% ↓	-1.1% ↓	1.8% ↑
Building Materials	57.9	5.9% ↑	-0.9% ↓	-2.0% ↓
Hotels/Motels	44.2	10.4% ↑	9.4% ↑	0.9% ↑
Garden/Agricultural Supplies	38.9	6.8% ↑	-11.8% ↓	-4.0% ↓
Quick-Service Restaurants	33.1	6.2% ↑	3.2% ↑	0.4% ↑
Auto Repair Shops	30.6	-9.8% ↓	-1.0% ↓	-3.0% ↓

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*In thousands of dollars