

CITY OF LAGUNA NIGUEL

SALES TAX UPDATE

1Q 2024 (JANUARY - MARCH)



LAGUNA NIGUEL
TOTAL: \$ 3,242,180

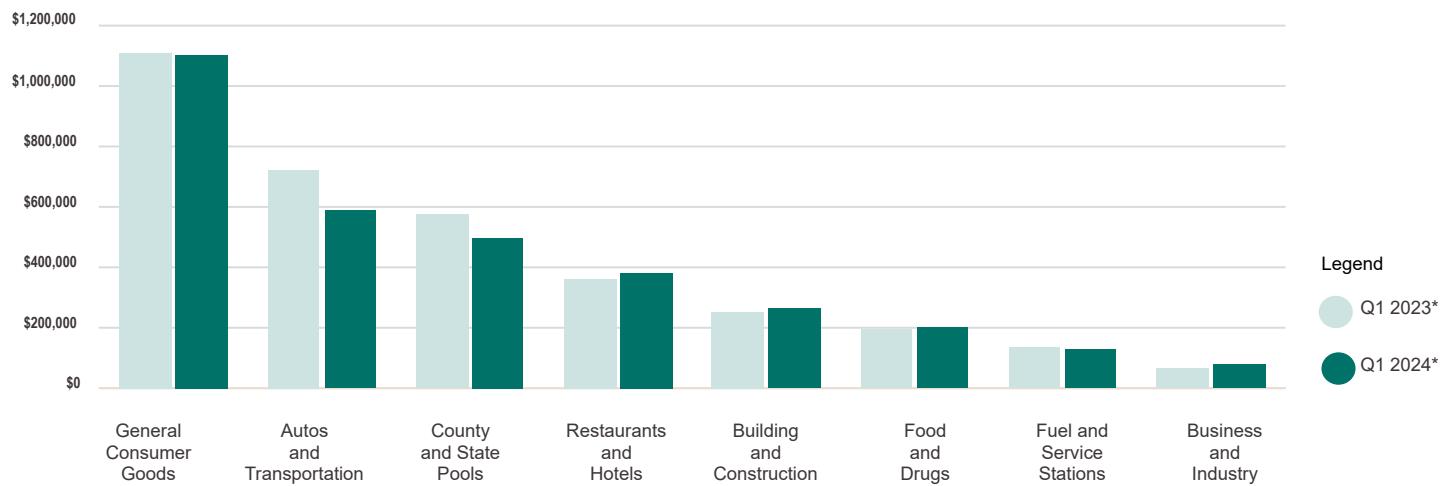
-5.0%
1Q2024

-0.4%
COUNTY

-0.2%
STATE

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF LAGUNA NIGUEL HIGHLIGHTS

From January to March, Laguna Niguel's receipts were 12.8% lower than during the same period in 2023, a decline exaggerated by several large, delayed payments. Excluding these anomalies, actual sales were down 5.0%.

The primary driver of this decline was reduced auto-transportation purchases, as high financing costs and prices created a challenging sales environment, especially as the market normalizes after two years of significant increases following the pandemic.

Allocations from the countywide use-tax pool were also lower. This funding, distributed among local agencies based on proportional cash receipts, was comparatively lower in Laguna Niguel due to the delayed payments.

On a positive note, the recent opening of

several popular new restaurants boosted local returns for this major industry group, resulting in a 5.5% gain compared to the state's overall 2.1% increase.

Additionally, the sale of building materials rebounded after last year's rainy winter, which had delayed numerous projects. Business-industrial returns also improved.

Overall, excluding anomalies, taxable sales for all of Orange County declined by 0.4% compared to the same period last year, while the Southern California region remained flat.

Albertsons

Calo Kitchen Tequila

Chevron

Circle K

Costco w/ Gas

Faucets N Fixtures

GMC & Cadillac of Laguna Niguel

Hobby Lobby

Home Depot

Hyundai & Genesis Of Laguna Niguel

In N Out Burger

Kohls

Laguna Niguel Shell

Marshalls

McDonald's

Mercedes Benz of Laguna Niguel

Mercedes Benz Vehicle Trust

Nordstrom Rack

Pavilions

Ralphs

Sephora

Sepulveda Building Materials

South Coast Shingle Walmart

Whole Foods Market



TOP 25 PRODUCERS



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.

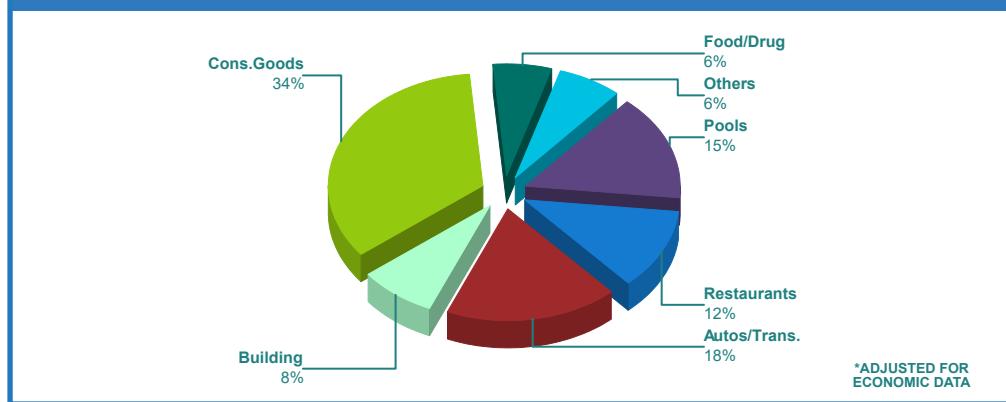
Seemingly dramatic one-time events helped boost business-industry, as investments in office supplies-furniture and energy projects were a significant reason for 3.6% gains this quarter. Additionally, strong fulfillment center direct payments demonstrated sustained logistical expansion. When coupled with 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

Laguna Niguel This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Laguna Niguel Business Type	Q1 '24*	Change	County Change	HdL State Change
Building Materials	217.0	5.6% ↑	1.0% ↑	-1.0% ↓
Casual Dining	150.2	3.3% ↑	2.2% ↑	2.4% ↑
Grocery Stores	142.1	4.9% ↑	3.3% ↑	2.7% ↑
Service Stations	130.3	-4.1% ↓	-0.7% ↓	-0.9% ↓
Quick-Service Restaurants	122.0	2.2% ↑	4.3% ↑	2.7% ↑
Auto Lease	96.5	4.7% ↑	2.6% ↑	4.2% ↑
Fast-Casual Restaurants	88.0	13.2% ↑	3.6% ↑	2.2% ↑
Specialty Stores	80.7	-0.6% ↓	-0.5% ↓	-2.3% ↓
Family Apparel	49.5	17.9% ↑	1.7% ↑	7.7% ↑
Drug Stores	38.6	-1.9% ↓	-8.1% ↓	-7.6% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars