

RANCHO SANTA MARGARITA

SALES TAX UPDATE

1Q 2024 (JANUARY - MARCH)



RANCHO SANTA MARGARITA
TOTAL: \$ 2,025,673

4.1%
1Q2024



-0.5%
COUNTY

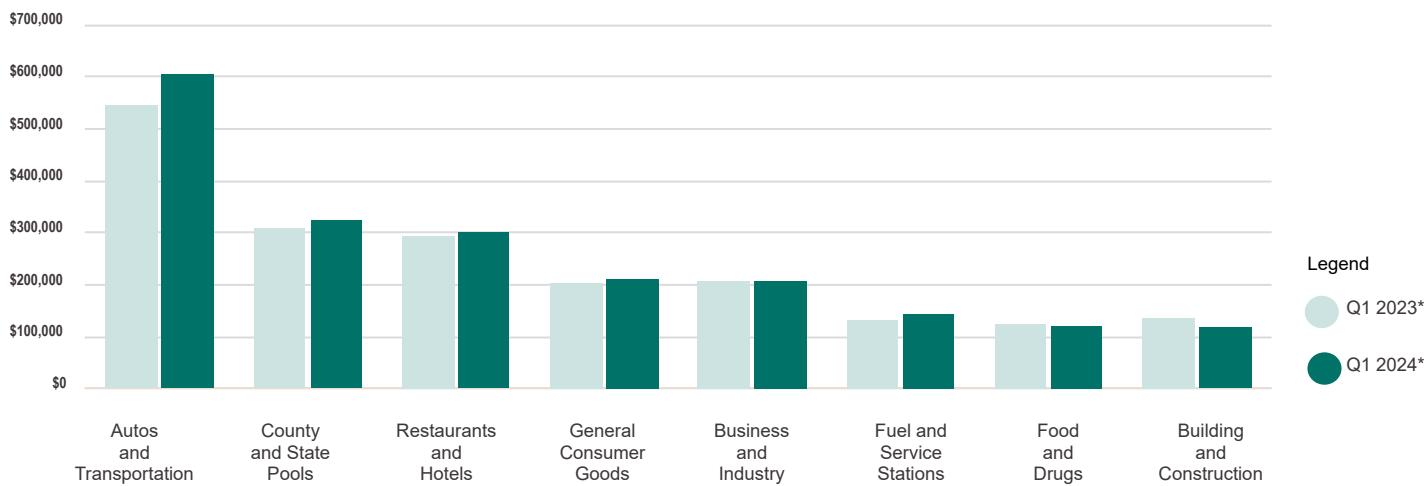


-0.3%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



RANCHO SANTA MARGARITA HIGHLIGHTS

Rancho Santa Margarita's receipts from January through March were 6.3% higher than the same period in 2023. After accounting for reporting anomalies, actual sales rose by 4.1%, outperforming both state and regional trends.

Tax receipts from autos-transportation purchases experienced double-digit growth, contrasting with statewide results, where this sector was the quarter's weakest performer and declined significantly. Local vendors successfully navigated the challenging sales environment, aided by the addition of a new merchant in this category.

Local gasoline stations also outpaced the general trend, and retail sales remained robust. These improvements boosted the City's share of the countywide use tax pool, as funds are allocated to local agencies based on proportional cash

receipts.

The medical/biotech sector saw significant growth, but a sharp revenue decline from another entity in the business-industry group, due to an unusually high payment by the company in the previous year, resulted in flat overall returns for the category.

Excluding anomalies, taxable sales across Orange County declined by 0.5% during the same period, while the Southern California region remained flat.

7 Eleven

Applied Medical

Distribution

Applied Medical

Resources

Arco AM PM

BJ's Restaurant & Brewhouse

Circle K

Denault Commercial Supply

Hanna's Restaurants Bar

IMI Critical

In N Out Burger

Kohls

Lowes

McDonald's

Pavilions

Ralphs Fresh Fare

Rancho Santa Margarita Honda

Ross

Santa Margarita Ford

Santa Margarita Toyota

Shell

Target

Trader Joe's

Tutto Fresco

Walmart Neighborhood Market

Wood Ranch BBQ & Grill



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.

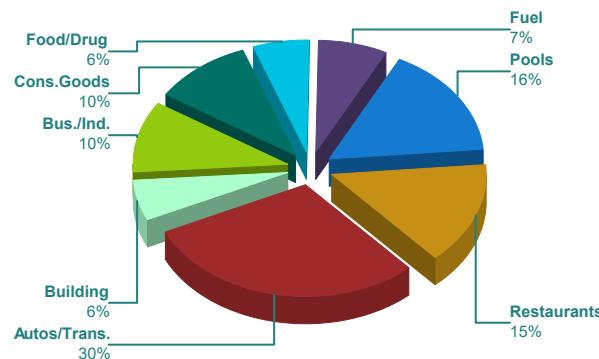
Seemingly dramatic one-time events helped boost business-industry, as investments in office supplies-furniture and energy projects were a significant reason for 3.6% gains this quarter. Additionally, strong fulfillment center direct payments demonstrated sustained logistical expansion. When coupled with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

Rancho Santa Margarita This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Rancho Santa Margarita Business Type	Q1 '24*	Change	County Change	HdL State Change
Service Stations	143.7	8.5% ↑	-0.2% ↓	-0.8% ↓
Casual Dining	126.1	-1.5% ↓	2.0% ↑	2.3% ↑
Medical/Biotech	113.2	10.9% ↑	-4.6% ↓	2.6% ↑
Building Materials	98.5	-11.1% ↓	1.0% ↑	-0.9% ↓
Grocery Stores	90.5	2.6% ↑	3.5% ↑	2.8% ↑
Quick-Service Restaurants	75.8	1.0% ↑	4.4% ↑	2.7% ↑
Fast-Casual Restaurants	54.8	5.2% ↑	4.0% ↑	2.3% ↑
Specialty Stores	41.6	0.1% ↑	-0.8% ↓	-2.3% ↓
Auto Lease	33.3	13.7% ↑	3.8% ↑	4.3% ↑
Light Industrial/Printers	28.1	4.6% ↑	-0.2% ↓	-1.1% ↓

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*In thousands of dollars