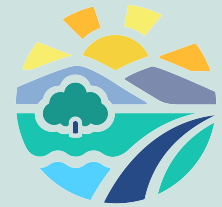


CITY OF MOUNTAIN VIEW

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



MOUNTAIN VIEW

TOTAL: \$ 5,901,404

-4.1%

3Q2023



-1.1%

COUNTY



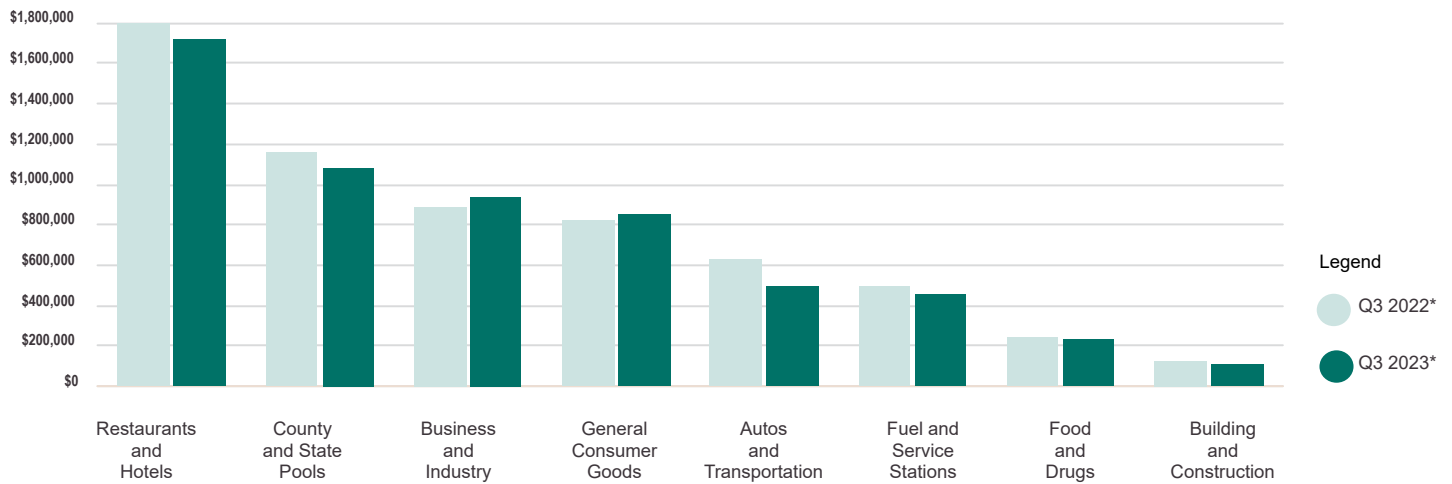
-1.6%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF MOUNTAIN VIEW HIGHLIGHTS

Mountain View's gross receipts from July through September were 1.4% below the third sales period in 2022. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were down 4.1%. This marked the second consecutive year-over-year quarterly decline in sales tax receipts for the City and the third decline for the State, reflecting an economic slowdown amid the Federal Reserve's rate-hiking campaign.

Comparison to a large payment a year ago skewed down the overall results for the largest tax group, restaurants-hotels. However, the City experienced growth in casual dining and leisure-entertainment as people enjoyed being out during the summer months.

The 6.2% decline in countywide use-tax pool allocations reflect waning third-party auto and internet sales, and a reduction in pool share due to growth by other

agencies. Furthermore, online retailers shifted the fulfillment of some of their internet orders from out-of-state to in-state fulfillment centers (pulling some revenues out of the pools into direct jurisdictions). Returns from the auto and transportation sector also declined because of high interest rates and lower consumer confidence. Fuel prices edged down, and service station revenues dropped accordingly.

On a positive note, electrical equipment sales boosted business-industry receipts, with this group gaining 6.3%. While general consumer goods purchases dipped statewide, the City was up 4.2% - supported by a new home furnishings retailer and shoppers looking for value at family apparel stores.

Net of adjustments, taxable sales for all of Santa Clara County declined 1.1% and the Bay Area was down 3.0%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|---------------------------|
| Allison BMW | Siemens Medical Solutions |
| Best Buy | Sodexo |
| Bon Appetit | Synopsis |
| Bruce Bauer Lumber & Supplies | Target |
| Chevron | Total Wine & More |
| Coast Gasoline | Valley Oil |
| Compass Group USA | Walmart |
| Costco | Waymo |
| Diamond Gas & Mart | |
| Financial Services Vehicle Trust | |
| In N Out Burger | |
| Kiwi Co | |
| Marshalls | |
| Mountain View Shell | |
| Project Fi by Google | |
| Safeway | |
| Shoreline Amphitheatre | |



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.

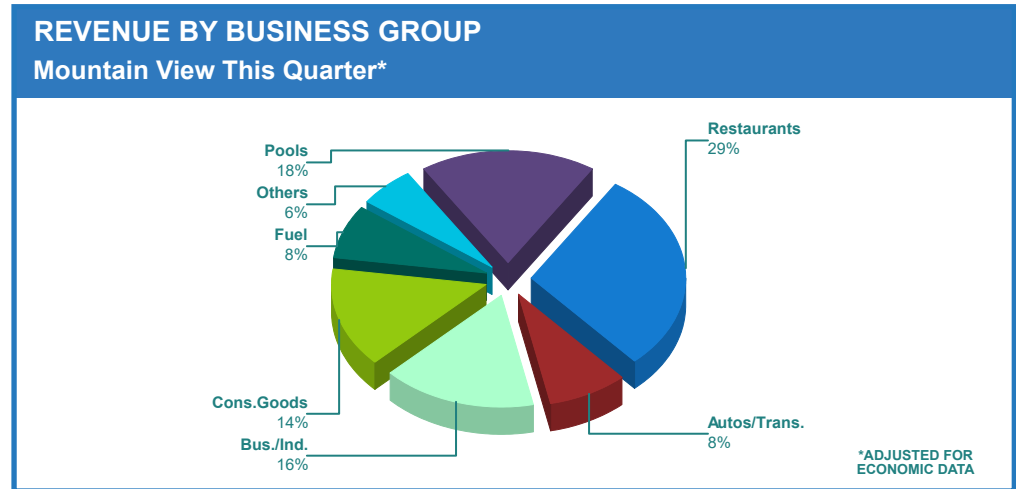
Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing 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.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Mountain View Business Type	Q3 '23*	Change	County Change	HdL State Change
Casual Dining	494.7	4.9% ↑	5.8% ↑	2.8% ↑
Electrical Equipment	474.2	97.1% ↑	-1.2% ↓	1.5% ↑
Service Stations	451.3	-7.8% ↓	-6.8% ↓	-7.4% ↓
Quick-Service Restaurants	178.1	2.4% ↑	4.0% ↑	2.7% ↑
Medical/Biotech	173.3	-41.6% ↓	-2.6% ↓	-1.5% ↓
Leisure/Entertainment	144.0	47.4% ↑	14.6% ↑	8.1% ↑
Grocery Stores	115.1	6.9% ↑	4.4% ↑	2.3% ↑
Electronics/Appliance Stores	91.1	-9.3% ↓	-17.8% ↓	-14.1% ↓
Building Materials	79.3	15.9% ↑	-1.8% ↓	-2.7% ↓
Family Apparel	75.4	17.5% ↑	2.4% ↑	3.1% ↑

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars