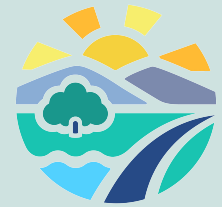


CITY OF MOUNTAIN VIEW

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



MOUNTAIN VIEW

TOTAL: \$ 5,846,014

-1.9%

2Q2023



0.6%

COUNTY



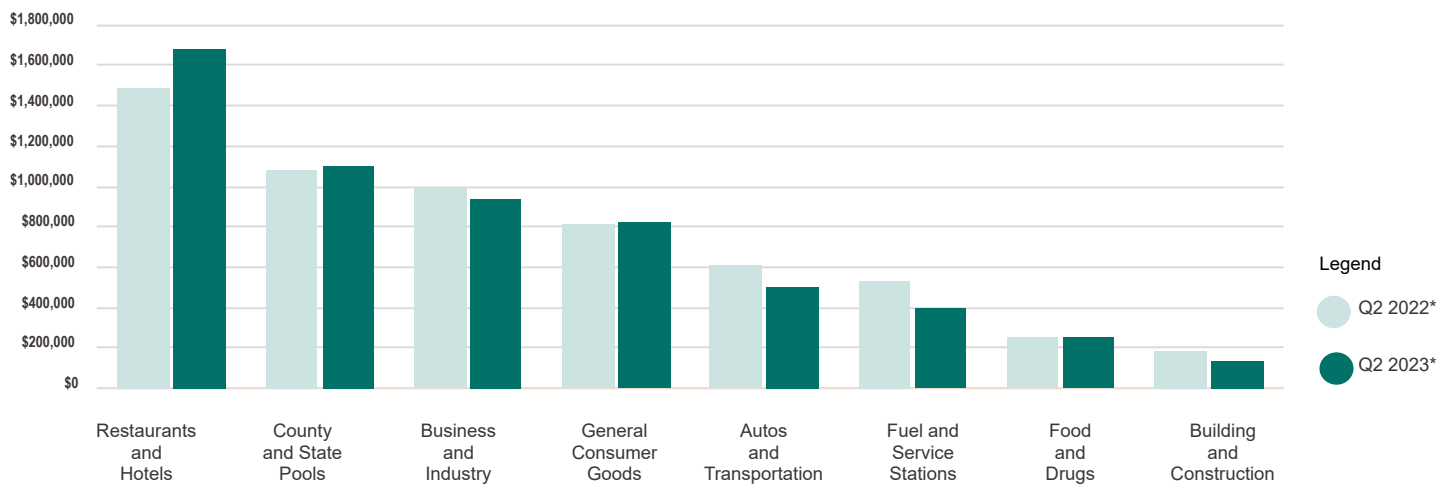
-3.0%

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 April through June were 1% above the second sales period in 2022. However, after adjusting for reporting modifications – including a large taxpayer payment adjusted back to prior periods – actual sales were down 1.9%. Sales softened in multiple sectors as economic factors influenced some buying choices.

The City's largest group, restaurants-hotels, shot up 13.4% as people enjoyed the experience of eating out; with results enhanced by employees returning to corporate offices. The City's allocation from the Santa Clara use tax pool improved 1.6%, primarily driven by a large, positive allocation to the pool – offsetting declines in ecommerce and third party auto sales countywide. General retail edged up, assisted by increases in home furnishings and family apparel sales.

Conversely, declines in electrical equipment sales and comparisons to a couple large allocations a year ago offset the positive results in medical-biotech and business services – pulling down the overall business-industry returns.

A corrective reduction in taxpayer remittances contributed to the decline in the autos-transportation group; and the statewide drop in crude oil prices pushed down service station revenues 25%. The comparative drop in building-construction revenues was due to a large, onetime taxpayer payment a year ago.

Net of adjustments, taxable sales for all of Santa Clara County grew 0.6% over the comparable time period; the Bay Area was down 2.8%.



TOP 25 PRODUCERS

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



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

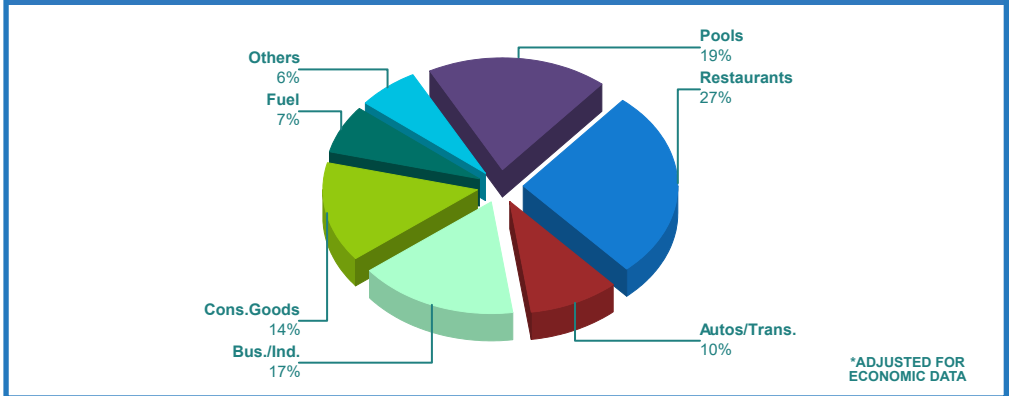
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

REVENUE BY BUSINESS GROUP
Mountain View This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Mountain View Business Type	Q2 '23*	Change	County Change	HdL State Change
Casual Dining	488.3	4.9% ↑	8.8% ↑	4.5% ↑
Service Stations	400.2	-24.9% ↓	-17.5% ↓	-19.9% ↓
Electrical Equipment	302.1	-24.4% ↓	-6.3% ↓	0.5% ↑
Medical/Biotech	261.7	29.6% ↑	-3.2% ↓	-7.0% ↓
Quick-Service Restaurants	174.7	3.9% ↑	4.5% ↑	3.2% ↑
Business Services	140.9	85.8% ↑	-10.0% ↓	-1.5% ↓
Grocery Stores	119.3	4.8% ↑	6.5% ↑	2.9% ↑
Building Materials	89.8	-1.3% ↓	-4.6% ↓	-7.8% ↓
Electronics/Appliance Stores	89.0	-17.2% ↓	-5.3% ↓	-6.3% ↓
Convenience Stores/Liquor	79.4	-2.5% ↓	-3.4% ↓	-5.1% ↓

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