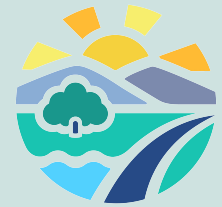


CITY OF MOUNTAIN VIEW

SALES TAX UPDATE

4Q 2023 (OCTOBER - DECEMBER)



MOUNTAIN VIEW

TOTAL: \$ 6,255,950

-4.3%

4Q2023



-2.8%

COUNTY



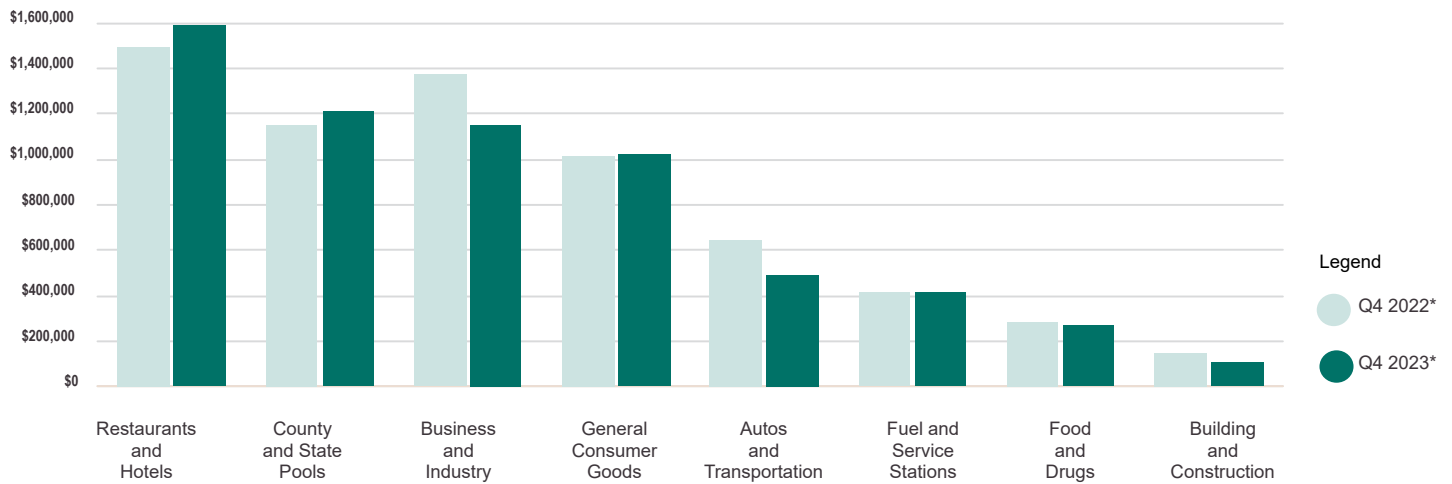
-2.5%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF MOUNTAIN VIEW HIGHLIGHTS

Mountain View's receipts from October through December were 0.2% below the fourth sales period in 2022. Excluding reporting aberrations, actual sales were down 4.3%. The disparity between cash receipts and actual sales primarily stems from a negative audit correction that reduced year-ago totals in restaurants-hotels.

That group's 6% economic-based growth reflected more demand for eating in office and at local establishments; newer venues opening the past year helped boost casual dining returns.

General consumer goods was able to eke out a 1% increase, thanks to strong family apparel sales along with bigger payments from a confidential segment of retailers.

Weaker volumes showed up in support services, non-auto related transportation

sectors; relocation of a medical/biotech company's sales to an out of state location further hurt business-industry collections, which fell 17%.

Statewide data analysis revealed buyers pulled back spending on luxury items; this was evident given the lesser taxes generated from autos-transportation.

Orders decreased from building material suppliers. Closure of one of a retail chain's local outlets, grocer declines caused food-drug's taxes to contract.

A 5% bump in pool tax distributions partially mitigated the revenue drop from place of sale merchants within the City.

Net of aberrations, taxable sales for all of the Bay Area declined 4.8%.



TOP 25 PRODUCERS

- Allison BMW
- Best Buy
- Bon Appetit
- Chevron
- Compass Group USA
- Costco
- CVS Pharmacy
- Diamond Gas & Mart
- Financial Services Vehicle Trust
- Google Fiber
- In N Out Burger
- Kiwi Co
- Marshalls
- Mountain View Shell
- Nuro Inc
- Project Fi by Google
- Ross
- Safeway
- Synopsys
- Target
- Total Wine & More
- Valley Oil
- Walmart
- Waymo
- World Wide Technology



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

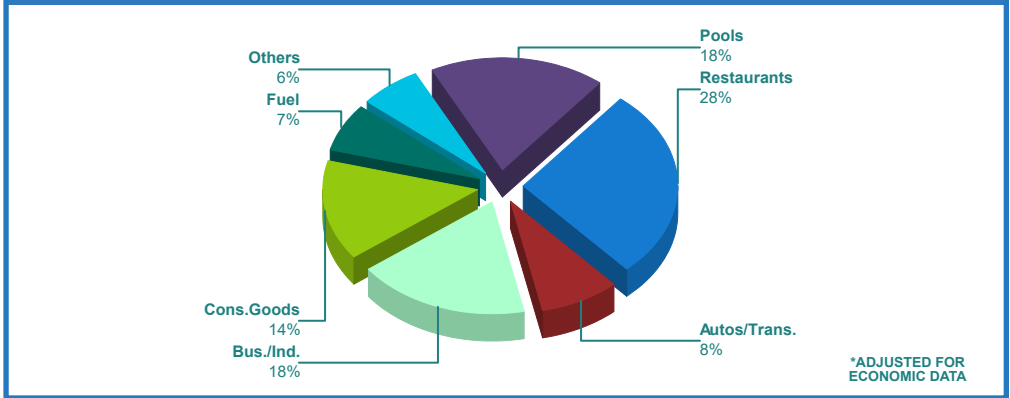
sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. 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
Mountain View This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Mountain View Business Type	Q4 '23*	Change	County Change	HdL State Change
Electrical Equipment	675.6	34.4% ↑	-7.3% ↓	-4.0% ↓
Casual Dining	438.4	1.5% ↑	4.4% ↑	1.8% ↑
Service Stations	414.2	0.2% ↑	-4.7% ↓	-4.9% ↓
Quick-Service Restaurants	173.3	5.4% ↑	1.1% ↑	0.4% ↑
Grocery Stores	123.9	-8.4% ↓	-6.2% ↓	-4.6% ↓
Electronics/Appliance Stores	121.6	2.0% ↑	-11.1% ↓	-7.7% ↓
Transportation-Non-Auto	91.0	-31.5% ↓	-8.6% ↓	22.4% ↑
Family Apparel	90.4	10.7% ↑	1.1% ↑	-0.4% ↓
Business Services	89.9	-28.8% ↓	-21.9% ↓	-8.3% ↓
Convenience Stores/Liquor	88.4	-2.2% ↓	-10.8% ↓	-7.7% ↓

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