
Administration and Projects Committee **STAFF REPORT**

Meeting Date: February 06, 2025

Subject	Accept Quarterly Sales Tax Revenue Report for the Period Ended September 30, 2024
Summary of Issues	This report contains a summary of sales tax revenues, including analysis and comparisons against prior quarterly periods.
Recommendations	Staff seeks acceptance of the quarterly sales tax revenue report for the period ended September 30, 2024.
Staff Contact	Brian Kelleher
Financial Implications	None
Options	N/A
Attachments (<i>See APC Packet dated 2/6/25</i>)	A. Quarter 3 Sales Tax Update by Hinderliter, de Llamas and Associates (HdL), Quarterly Comparison B. Sales Tax Consensus Forecast by HdL
Changes from Committee	<i>None</i>

Background

Sales tax revenues are collected by the California Department of Tax and Fee Administration (CDTFA) and distributed to the jurisdictions in monthly installments (advances) based on quarterly estimates for taxable sales for the county. Actual sales tax revenues are accounted for in a “clean-up payment” four times a year. For the quarter ending September 30, 2024, the clean-up payment occurred in November 2024.

Sales Tax Revenues

The Authority entered into a service agreement with HdL to provide sales tax transactions and audit services. In addition to the audit and recovery of tax revenues, HdL provides two other major services that are extremely beneficial to the Authority. HdL provides analysis of sales tax revenue on a quarterly and annual basis that is vital in the estimation of sales tax revenue to be received and projected by the Authority in its budgeting and strategic plan updates. However, the data from CDTFA is not available for three months following the end of each quarter. The Authority has granted HdL access to the data released from CDTFA for the reports and analysis prepared by HdL.

For the first quarter of Fiscal Year (FY) 2024-25 (July – September 30, 2024), the Authority's (adjusted for economic data) sales tax revenues totaled \$30 million. Compared to the prior fiscal year, this is a decrease of \$1 million or -3.4%. The Authority reports on the financials the sales tax revenue collected on a cash basis vs. actual date of point-of-sale transactions. HdL provides reports supporting both methods as it is imperative to view historical data and forecast future revenue trends based on the actual date of point-of-sale transactions.

The sales tax revenue receipts (cash basis) received by the Authority for the first quarter (July – September 2024) totaled \$28.9 million. Compared to the prior fiscal year, this is a decrease of \$1.9 million or -6%. After years of rapid growth, sales tax revenue is slowing down. The sales tax revenue is stagnating with overall declines in sales tax collections.

The table below will highlight the difference in receipts based on the adjusted for economic data to reflect the date of point-of-sale transactions for reporting purposes. The table also highlights which major industry groups fluctuated during the first quarter.

Major Industry Group	Adjusted for (Date of Transaction) Receipts			
	Jul-Sep 2024	Jul-Sep 2023	\$ Change	% Change
General Consumer Goods	9,019,396	9,066,837	(47,441)	-0.5%
Autos and Transportation	5,479,762	5,798,910	(319,148)	-5.5%
Business and Industry	4,675,955	4,613,286	62,669	1.4%
Restaurants and Hotels	3,396,114	3,403,085	(6,971)	-0.2%
Building and Construction	2,977,539	3,235,811	(258,272)	-8.0%
Fuel and Service Stations	2,522,103	3,015,555	(493,452)	-16.4%
Food and Drugs	1,571,660	1,610,254	(38,594)	-2.4%
Transfers & Unidentified	379,652	324,515	55,137	17.0%
Total	30,022,181	31,068,253	(1,046,072)	-3.4%

Staff continue to monitor sales tax receipts and will keep the Administration and Projects Committee and Authority Board apprised.

Additionally, Attachment B – Consensus Forecast was provided by HdL which includes forecasted sales tax percentage by industry group for FYs 2024-25 and 2025-26.

Staff seeks acceptance of the quarterly sales tax revenue report for the quarter ended September 30, 2024.

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