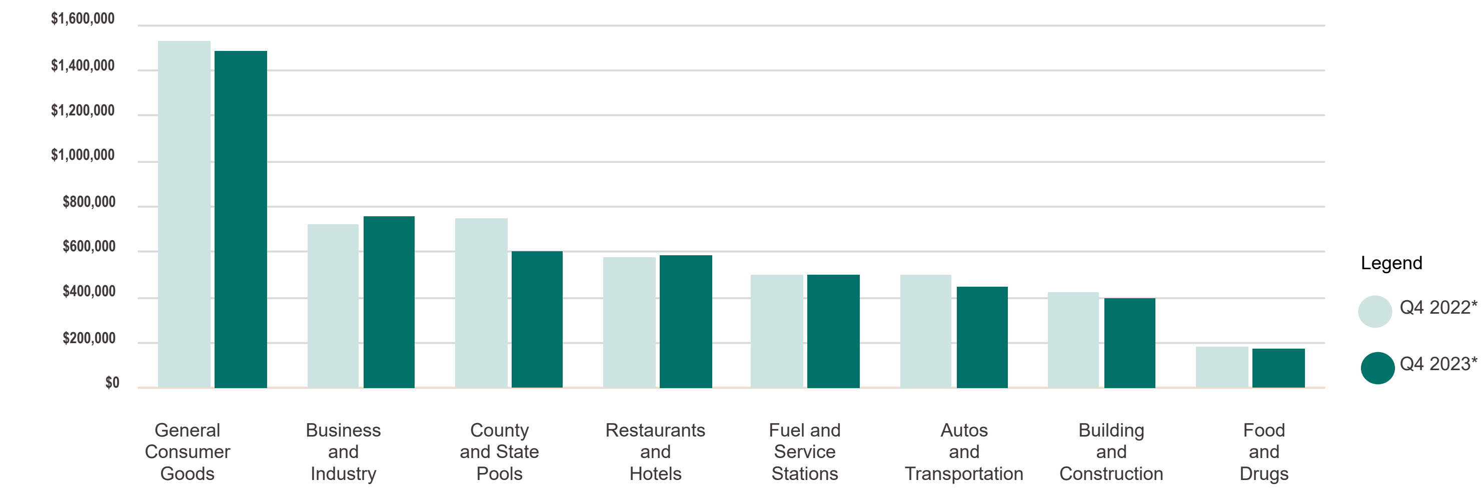
CITY OF MANTECA
SALES TAX UPDATE
4Q 2023 (OCTOBER - DECEMBER)

MANTECA
TOTAL: $ 4,965,580

-4.4% 4Q2023 ↓ | 1.6% COUNTY ↑ | -2.5% STATE ↓

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure M
TOTAL: $2,658,903
↓ -2.6%

CITY OF MANTECA HIGHLIGHTS

Manteca's receipts from October through December were flat compared to the fourth sales period in 2022. Excluding reporting aberrations, receipts for the period were down 4.4%.

The biggest drag on receipts came from the use tax pool. During the period, several other agencies saw their receipt total jump from both one-time and ongoing business transactions. This increased the pool share for those agencies at the expense of Manteca and the others.

The slide in transportation spending extended for a seventh straight quarter. Meanwhile, construction activity dipped again as projects were completed but not replaced with as many new starts.

On a positive note, gas stations and restaurants both posted modest gains this period. Statewide, most gas stations posted declines.

Measure M ended 2023 down in all four quarters. Most of the major business groups posted declines for much of the year with the exception of the restaurant-hotel group and the business-industry group.

Net of aberrations, taxable sales for all of San Joaquin County grew 1.6% over the comparable period while those of the San Joaquin Valley were flat.

TOP 25 PRODUCERS

- 5.11 Tactical Series
- A&A Gas & Food Mart
- Amazon MFA
- American Modular Systems
- Arco AM PM
- Bass Pro Shops Outdoor World
- Blue Compass RV
- Burlington
- Cabral Chrysler Jeep Dodge Ram Fiat
- Chevron
- Chick Fil A
- Core & Main
- Costco
- Country Kia
- Diamond Gas & Food Mart
- Great Wolf Lodge
- Home Depot
- JM Equipment Company
- Kohls
- Living Spaces Furniture
- Manteca Ford
- Ross
- Target
- TJ Maxx
- Walmart Supercenter

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.

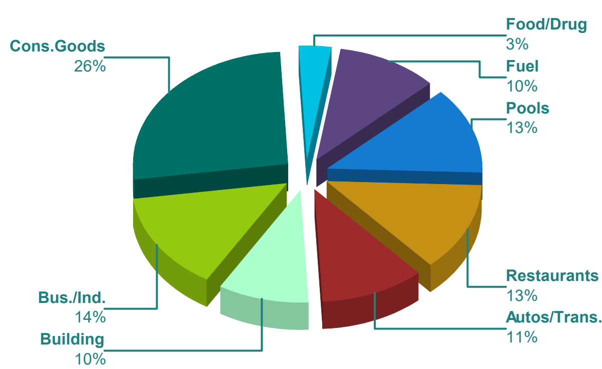
During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women's apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter 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 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
Manteca This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Manteca Business Type	Q4 '23*	Change	County Change	HdL State Change
Service Stations	491.5	1.4%	-3.0%	-4.9%
Quick-Service Restaurants	259.4	-3.2%	0.7%	0.3%
Casual Dining	182.2	1.5%	1.1%	1.8%
Family Apparel	167.5	4.2%	3.6%	-0.4%
Sporting Goods/Bike Stores	137.5	5.8%	4.0%	-7.2%
Contractors	122.8	9.1%	4.7%	1.3%
Grocery Stores	100.1	-3.2%	-4.6%	-4.6%
Specialty Stores	94.6	-6.2%	-3.3%	-2.2%
Automotive Supply Stores	75.2	-1.0%	-1.2%	-2.3%
Electronics/Appliance Stores	74.2	2.7%	1.3%	-7.7%

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