

CITY OF WEST COVINA

SALES TAX UPDATE

4Q 2024 (OCTOBER - DECEMBER)



WEST COVINA

TOTAL: \$ 7,049,564

1.9%

4Q2024



-2.8%

COUNTY



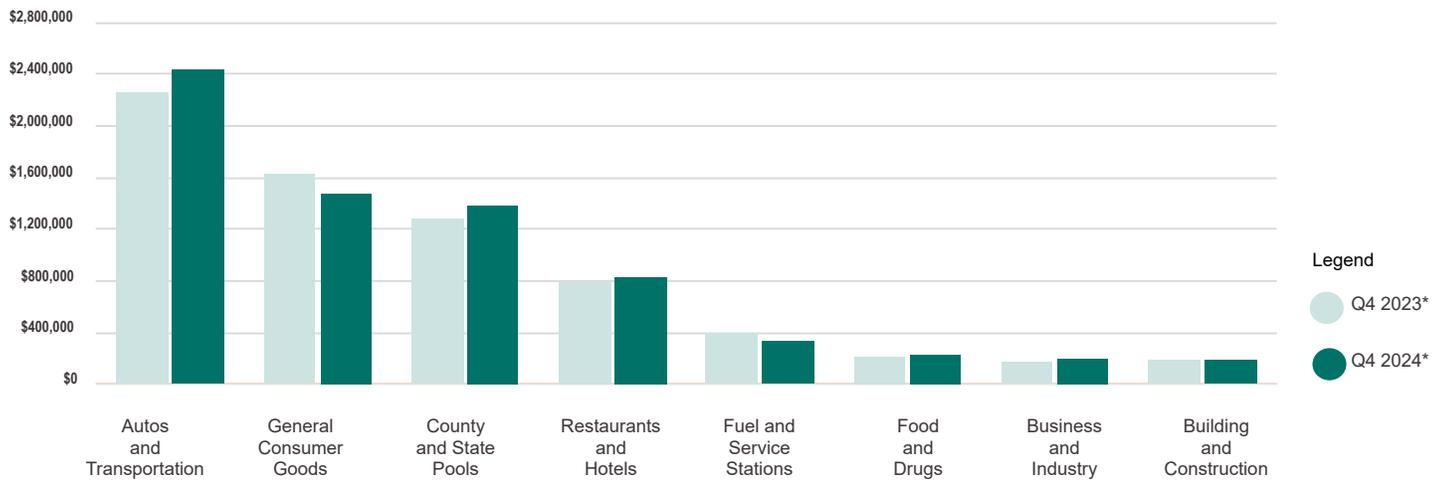
-1.1%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF WEST COVINA HIGHLIGHTS

West Covina's receipts from October through December were 6.8% above the fourth sales period in 2023. Excluding reporting aberrations, actual sales were up 1.9%.

The economy continues to be a concern to consumers and now also businesses. The Feds have decided to wait on further rate reductions by taking the approach to look forward at changes possibly coming versus waiting for historical reports. Tariffs have become a topic of much debate and concern. Consumers are attempting to decide on whether to purchase impacted items, and businesses are beginning to wait to see what may happen in the near future.

Autos-transportation experienced strong growth from new businesses and favorable consumer purchasing and leasing of new vehicles as the sector

increased by 8.2%. The business-industry sector posted favorable gains in numerous sectors as business spending was strong and going counter the current downward trend.

General consumer goods followed the national downward trend as consumers dealt with high inflation pricing and historic credit card debt levels. Fuel-service stations continue to be negatively impacted by lower oil and fuel pricing, such that the sector was down 15.2%.

Due to the positive quarterly increase, the City's share of the countywide use tax pool increased 8.2% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Los Angeles County declined 2.8% over the comparable time period; the Southern California region was down 1.2%.



TOP 25 PRODUCERS

- | | |
|--------------------------------|------------------|
| 76 | Performance Ford |
| Audi West Covina | Plug In Auto |
| Best Buy | Portos Bakery |
| Chick Fil A | Reynolds Gmc |
| Crestview Cadillac | Ross |
| Dick's Sporting Goods | Stater Bros |
| Envision Chrysler | Target |
| Dodge Jeep Ram of West Covina | Tesla |
| Envision Toyota of West Covina | Tow Industries |
| Floor & Decor | |
| Home Depot | |
| JC Penney | |
| Macy's | |
| Marshalls | |
| Mercedes Benz Of West Covina | |
| Mercedes Benz Vehicle Trust | |
| Norm Reeves Honda | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of October through December were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating period of the year but exhibited diminished year-over-year returns as consumers struggled with tariff concerns and pulling back on discretionary spending.

For the past eight quarters - two calendar years - statewide results have declined; led mostly by autos-transportation and building-construction suppressed activity due to the sustained high interest rate environment. Specifically, this quarter, as new and used car returns pulled back, only leasing activity improved likely representing buyers willingness to wait for more advantageous economic conditions before committing to long term obligations. Furthermore, building-construction drops spanned multiple categories including building materials, plumbing/electrical and contractors as property owners delay repairs and improvements until they’re more comfortable tapping available equity.

During this holiday shopping period, brick-and-mortar general retailers slumped 2.4%, further hindered by lower gas prices. Recent closures by merchants selling variety/ low priced items and weaker returns from department stores were most impactful. As consumers appeared more interested in value/discounted items vs higher priced/ luxury goods, overall statewide receipts revealed growth from online retailers by way of local returns through fulfillment centers and allocations via each county’s use tax pool demonstrating a desire to spend, just more through different vendors which shifted local tax distributions.

Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

Revenue from restaurants sustained a modest gain of 1.3%, with only a waning from fine dining establishments – consistent with spending trends in other sectors. As eateries try and balance higher menu prices and demand, a ‘return to office’ call by businesses could inspire future increased foot traffic for many venues in metropolitan centers.

The fourth quarter also marks the end of the calendar year. As expected 2024 was 1.2% lower than 2023 with most sectors taking a hit. Only restaurants, business-industry and allocations via the county use tax pools improved.

With national tariff discussions happening at the federal level, consumers start 2025 wondering if higher priced goods and difficult decisions are on the horizon. Also, the Federal Reserve Board hasn’t signified any relief by way of lower interest rates leaving only minimal growth expectations to come. The theme of the current economic outlook is uncertainty.

SALES TAX RATE BREAKDOWN		9.75%
State General Fund	3.9375%	
City/County General Fund (Bradley-Burns)	1.0000%	
County Public Safety (Prop 172)	0.5000%	
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%	
Countywide Transportation Fund	0.2500%	
Los Angeles County Measure R (LAMT)	0.5000%	
Los Angeles County Measure A (LACT)	0.5000%	
Los Angeles County Measure C (LATC)	0.5000%	
Los Angeles County Measure M (LAMA)	0.5000%	
Los Angeles County Housing Measure A (HOUS)	0.5000%	
Tax Rate Effective April 01, 2025	9.7500%	

TOP NON-CONFIDENTIAL BUSINESS TYPES					
West Covina Business Type	Q4 '24*	Change	County Change	HdL State Change	
New Motor Vehicle Dealers	2,035.9	9.2% ↑	-4.6% ↓	-2.3% ↓	
Casual Dining	364.7	3.4% ↑	0.6% ↑	1.9% ↑	
Quick-Service Restaurants	360.0	-0.3% ↓	1.1% ↑	1.7% ↑	
Service Stations	329.4	-15.2% ↓	-15.5% ↓	-13.0% ↓	
Family Apparel	224.1	-6.4% ↓	0.9% ↑	1.3% ↑	
Specialty Stores	208.3	-2.8% ↓	0.4% ↑	-1.8% ↓	
Auto Lease	181.5	10.7% ↑	18.1% ↑	24.7% ↑	
Electronics/Appliance Stores	178.1	-13.8% ↓	-3.7% ↓	-2.6% ↓	
Grocery Stores	137.7	6.7% ↑	0.4% ↑	-0.9% ↓	
Shoe Stores	73.1	-6.0% ↓	-0.1% ↓	1.1% ↑	

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