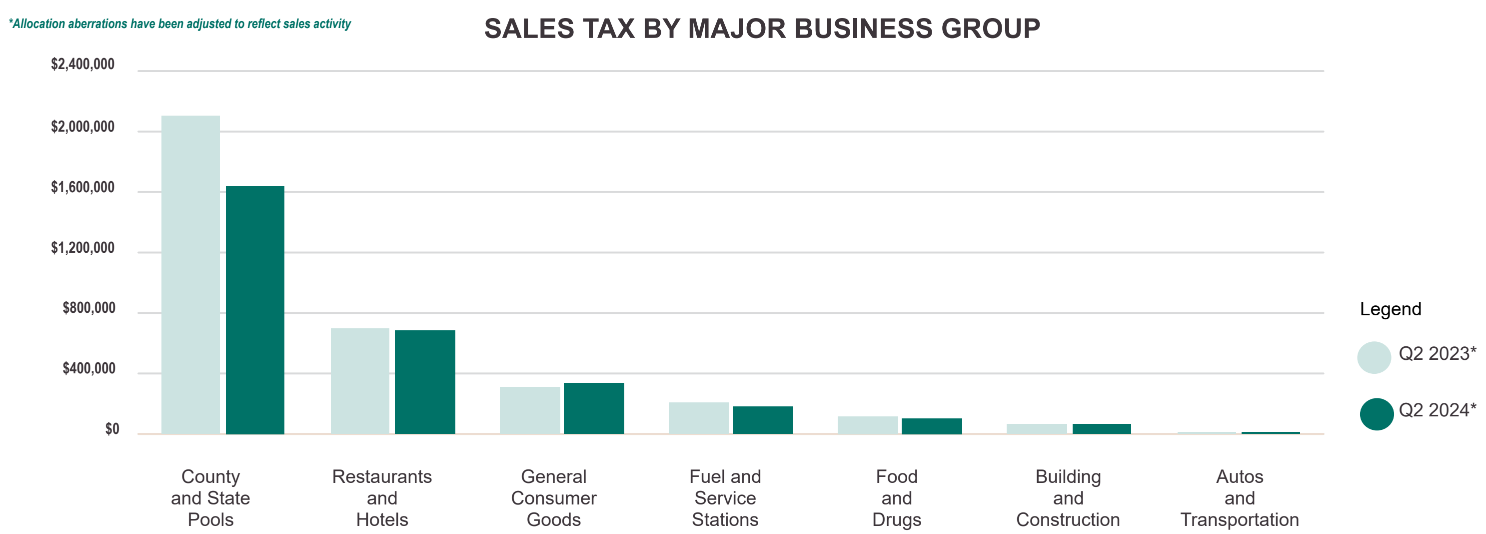
CITY OF CUPERTINO
SALES TAX UPDATE
2Q 2024 (APRIL - JUNE)

CUPERTINO

TOTAL: $ 8,656,915	6.8% 2Q2024 ↑	-1.7% COUNTY ↓	-0.7% STATE ↓



CITY OF CUPERTINO HIGHLIGHTS

Cupertino's receipts from April through June were 25.6% below the second sales period in 2023. Excluding reporting aberrations, actual sales were up 6.8%.

Confidentiality rules limit the details that can be shared.

The restaurants-hotels group was a mixed bag; there were a few closures and fine dining had slowing foot traffic as diners opted for more cost conscious choices helping to boost the casual dining and the fast-casual categories, so overall the group ended slightly down.

Fuel-service stations were down due to a one-time spike in the comparable quarter; statewide results were up.

General consumer goods was boosted by a new outlet and a one-time vendor as well as solid results in categories with value options which pushed the group to well outpace the statewide declines.

The receipts to the countywide pool were down due to a large one-time allocation in the comparable quarter and furthering the decrease was the City's portion reducing due to anomalies in the comparable quarter inflating the portion.

Net of aberrations, taxable sales for all of Santa Clara County declined 1.7% over the comparable time period; the Bay Area was down 1.7%.

TOP 25 PRODUCERS

99 Ranch Market
Alexander's Steak House
Apple
Argonaut Window & Door
Benihana
BJ's Restaurant & Brewhouse
California Dental Arts
Chevron
Chipotle
Cupertino Car Wash
Galpao Gaucho
Great Gas Cupertino
Haidilao Hot Pot
Home Eat
Insight Direct
Insight Public Sector
Kura Revolving Sushi Bar
Lazy Dog Cafe
Rotten Robbie
Safeway
Shane Company
Target
TJ Maxx
Valero
Whole Foods Market

STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it's only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men's and women's apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper's preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

Restaurants experienced only a modest gain of 0.7%. As AB 1228 is enacted – state law increasing California's minimum wage at designated eateries – third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

SALES TAX RATE BREAKDOWN 9.125%

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%
Santa Clara Co. Transportation Authority (VTA) (SCVT)	0.5000%
Santa Clara County Transit (SCCT)	0.5000%
Santa Clara County VTA BART Operating & Maintenance Transactions and Use Tax (SVTB)	0.1250%
Santa Clara Co. Measure A (SCCR)	0.1250%
Santa Clara County SV Transporation Solution Tax (SVTS)	0.5000%
Santa Clara County Measure RR (JPBT)	0.1250%
Tax Rate Effective July 01, 2021	**9.1250%**

TOP NON-CONFIDENTIAL BUSINESS TYPES

Cupertino Business Type	Q2 '24*	Change	County Change	HdL State Change
Casual Dining	450.0	2.5% ↑	3.8% ↑	0.7% ↑
Service Stations	184.8	-8.6% ↓	3.4% ↑	2.3% ↑
Fast-Casual Restaurants	87.2	1.8% ↑	2.4% ↑	3.2% ↑
Grocery Stores	84.1	-2.2% ↓	-1.1% ↓	1.6% ↑
Quick-Service Restaurants	71.3	-6.3% ↓	2.0% ↑	1.2% ↑
Fine Dining	67.2	-10.5% ↓	-8.4% ↓	-5.8% ↓
Family Apparel	65.7	3.1% ↑	0.4% ↑	0.9% ↑
Specialty Stores	34.3	-1.8% ↓	-5.1% ↓	-4.6% ↓
Garden/Agricultural Supplies	27.5	-34.2% ↓	-5.7% ↓	-6.9% ↓
Sporting Goods/Bike Stores	19.0	46.1% ↑	-3.0% ↓	-0.3% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars