



STAFF REPORT

DATE: 11/06/2024
TO: Honorable Mayor and City Council Members
FROM: Finance Department

2024-109

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:

QUARTERLY SALES TAX REPORT – 2024, QUARTER 2 (APRIL – JUNE))

EXECUTIVE SUMMARY:

The City of Corona contracts with HdL Companies to provide sales tax consulting services, including quarterly data reports. The sales tax report for Quarter 2 2024 is provided to the City Council as a receive and file item.

RECOMMENDED ACTION:

That the City Council receive and file the quarterly sales tax information from HdL Companies for Quarter 2 2024 (April – June).

BACKGROUND & HISTORY:

HdL Companies is contracted to provide sales tax consulting services for the City. They review and analyze the City's sales tax activity quarterly. Their resources provide them with information to understand sales tax trends and how the City performs compared to agencies near Corona, agencies in Riverside County, Southern California, and the State. There is a one-quarter lag in when the information is available to HdL Companies for their review and analysis.

ANALYSIS:

The quarterly sales tax report for Quarter 2 2024 (April – June) is provided. The report highlights are included below. Additional details can be found in the attached newsletter and consensus forecast documents.

Quarter 2 2024 (April – June)

Corona's sales tax receipts from April through June 2024 were 2.7% lower than the same period in 2023, though this was skewed by a significant audit correction in the comparison year. Excluding this and other anomalies, actual sales increased by 0.6%

Local contractors continued to see strong returns, further boosted by the recent opening of a new supplier in Corona. Fulfillment centers benefited from the ongoing shift to online shopping. On the downside, a taxpayer reporting change contributed to a drop in business-industrial returns and a recent business closure added to the negative impacts. Additionally, new car sales faced challenges due to tight credit conditions and elevated prices nationwide.

As a destination-based tax, Measure X did not benefit from the contractor and fulfillment sales increases, as most of these are sold to customers in other areas.

Excluding anomalies, Riverside County's taxable sales decreased by 0.5% during this period, and the Southern California region also saw a 0.5% decline.

FINANCIAL IMPACT:

There is no financial impact associated with the recommended action.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to receive and file a quarterly sales tax report, and there is no possibility that approval of the recommended actions will have a significant effect on the environment. Therefore, no environmental analysis is required

PREPARED BY: KIM SITTON, FINANCE DIRECTOR

REVIEWED BY: BRETT CHANNING, ASSISTANT CITY MANAGER

ATTACHMENTS:

1. Exhibit 1 – 2024-Q2 Sales Tax Update Newsletter
2. Exhibit 2 – HdL California Consensus Forecast Sept 2024