

TOWN COUNCIL STAFF REPORT

Title: Presentation of Sales Tax Analysis for the Town of Mammoth Lakes
provided by HdL Companies

Meeting Date: July 16, 2025

Prepared by: Megan Chapman, Finance Director

RECOMMENDATION:

Provide feedback to staff on the data Council would like to have brought back in what frequency.

BACKGROUND:

The Town of Mammoth Lakes receives quarterly information from HdL companies regarding Sales tax. HdL Companies became a service provider for public agencies in 1983 originally under the name of Hinderliter, de Llamas and Associates as the first comprehensive sales tax management program. The Town of Mammoth receives regular quarterly updates on the California Consensus Forecast, quarterly sales tax reports and summary of key impacts by Major Industry Group as well as projections for Measure R. This information is provided to Town staff and is required to be kept confidential by Revenue and Taxation Code Section 7056. Today's presentation provides an overview of Sales Tax in California, Statewide Sales tax trends, and Forecast Considerations. The presentation also shows trends of major industry groups with trends for both local Bradley Burns and Measure R compared to the State. The information provided by HdL helps diversify revenue streams for economic success.

ANALYSIS:

Bobby Young, Director of Client Services, will be joining to present general information on sales tax and give some guidelines on the data that can be provided to Council by HdL under confidentiality standards in accordance with Revenue and Taxation Section 7056. As per Revenue and Taxation Section 7056, it is unlawful for any person who obtains access to sales and use tax records to make and disclose information. Sales tax information for groups or business can be revealed to the public provided the "gang of four" and 80% rule are followed. This allows for data for four or more businesses to be shared provided no single business information is disclosed. Groupings of four or more could be by location or industry. Information can be distributed to show trends in sales based on location.

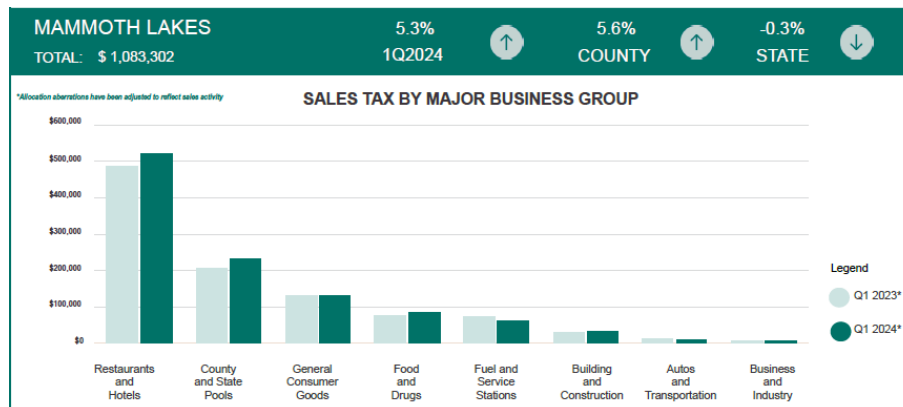
The following sections summarize the 2024 Calendar sales trends year by quarter.

Quarter 1 (Q1) Summary

In quarter 1 (January – March) the Town's 1% Bradley-Burns revenue increased by 7.3% (5.3% after adjustment for anomalies) when compared to the same period one year ago for 2023. This was driven by a 7% increase in taxable sales from the Restaurant & Hotels

segment. Casual dining establishments experienced healthy gains for the period as well as grocery stores and drug stores suggesting food and necessities were in high demand this past winter. General Consumer Goods did not experience much growth and sporting goods retailers contracted, leaving the group flat compared to a year ago. Fuel providers experienced the largest contraction as demand declined with receipts falling 15.6%. Measure R increased \$585,536, or 2.3%, compared to the prior year.

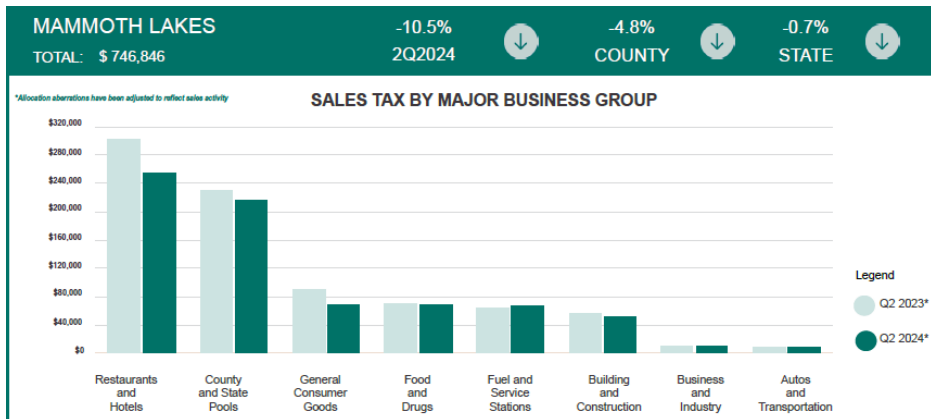
Below is a graphical presentation of Q1 with Town, county and state comparisons:



Quarter 2 (Q2) Summary

In quarter two, April – June, the Town’s Bradley-Burns revenue decreased by 17.8% (10.5% after adjustment for anomalies) when comparing to the same period in 2023. After payment anomalies were adjusted, the second quarter decreased by 10.5% compared to the same period in 2023. The largest driver was the decrease of sales within the Restaurant & Hotels group followed by a contraction from General Consumer Goods. These major industry groups felt the impact of a shorter winter season relative to the prior year where historic snowfall kept visitation numbers high through the summer months. The 2024 winter season closed in May, resulting in a decrease in taxable activity compared to 2023, but remained higher than levels in 2022. The Building & Construction sector was also down 8.7%, largely related to the one-time use tax that inflated prior to the construction of modular buildings. Additionally, payment anomalies from fuel continued due to timing of payment and corrections inflated the comparison period. Measure R decreased \$456,366 or 1.6%, compared to the prior year.

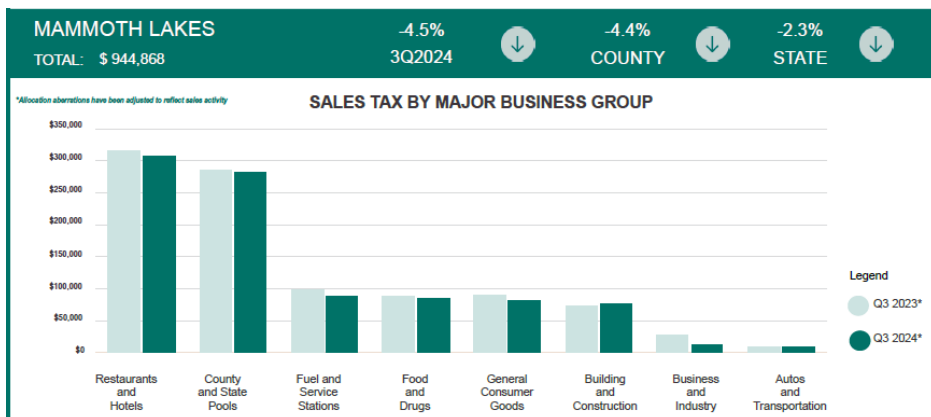
Below is a graphical presentation of Q2 with Town, county and state comparisons:



Quarter 3 (Q3) Summary

In quarter three, July – September, the Town’s Bradley-Burns revenue increased by 5.3% (4.5% after adjustment for anomalies) when comparing to the same period in 2023. Sales activity for the quarter was low due to six of the seven major industry groups. The Restaurants & Hotels sector contracted 2.6%. Sales at Sporting Goods retailers also experienced a 16.9% decrease, mostly due to lower fuel prices and sales at the Town's service stations, this matched the trends throughout the State. The largest dollar decline was in the Business-Industry sector, due to one-time allocations that inflated the prior year comparison.

Below is a graphical presentation of Q3 with Town, county and state comparisons:

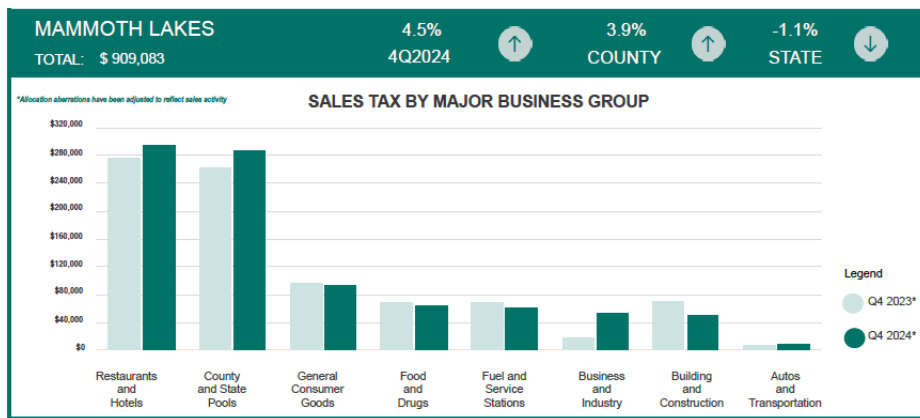


Quarter 4 (Q4) Summary

In quarter four, October-December, the Town’s 1% Bradley-Burns revenue increased by 3.2% (4.5% after adjustment for anomalies) when compared to the same period in 2023. Restaurants performed well, particularly casual dining, both new and old. Additionally, there was an increase from Sporting Goods retailers which also reflected some returning demand. Increased snow in November and December likely also pulled visitation to the

mountain earlier than the comparison period. Large one-time use tax also buoyed the Business-Industry segment with large direct allocations from Wiegand Sports (Mountain Coaster) and Bermanfalk Hospitality Group. This boost offset declines from contractors that inflated the prior year's receipts. Additional details in respect to the current quarter's performance can be found in the local tax summary attached.

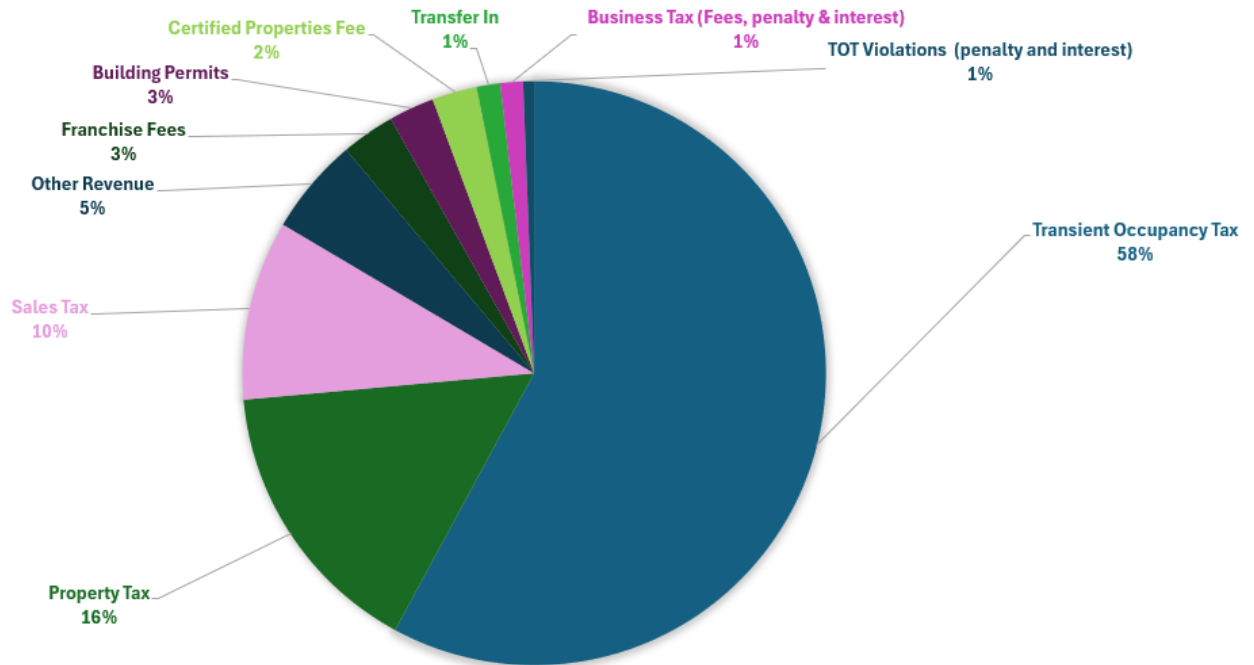
Below is a graphical presentation of Q3 with Town, county and state comparisons:



The above information comes from quarterly updates from HdL Companies. Although sales tax is not a large percentage of the Town's revenues and annual budget, it is the 3rd largest type of revenue following Transient Occupancy Tax and Property tax. Additionally, Sales tax is the sole source of revenue for Ordinance No 08-01 Measure R funding dedicated to Recreation, Trails and Parks Investment.

FINANCIAL CONSIDERATIONS:

Although Sales tax is not a large % of the Town General Fund budget it does give a look at the performance of the local business and provide insight into market demand. The graph below gives a good look at the Town's General Fund revenues sources by type. Measure R is budgeted separately at \$2 million for FY 2025-26.



In the future we would like to present quarterly sales tax updates as well as bring in overlays of data and analysis for both Transient Occupancy trends as well as Property tax. Any feedback to staff on the data Council would like to have brought back and the frequency of data brought back will be taken into consideration for the next presentation.

Attachments:

1. Presentation – Sales Tax 101
2. Presentation – Quarterly detail for 2024
3. Top 25 Sales Tax producers 2024
4. 2024 Calendar Year Report
5. Local Government Guide