

# Orange County Transportation Authority

## **Measure M2 and TDA Forecast Review**

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Director of Sales and Use Tax Audit

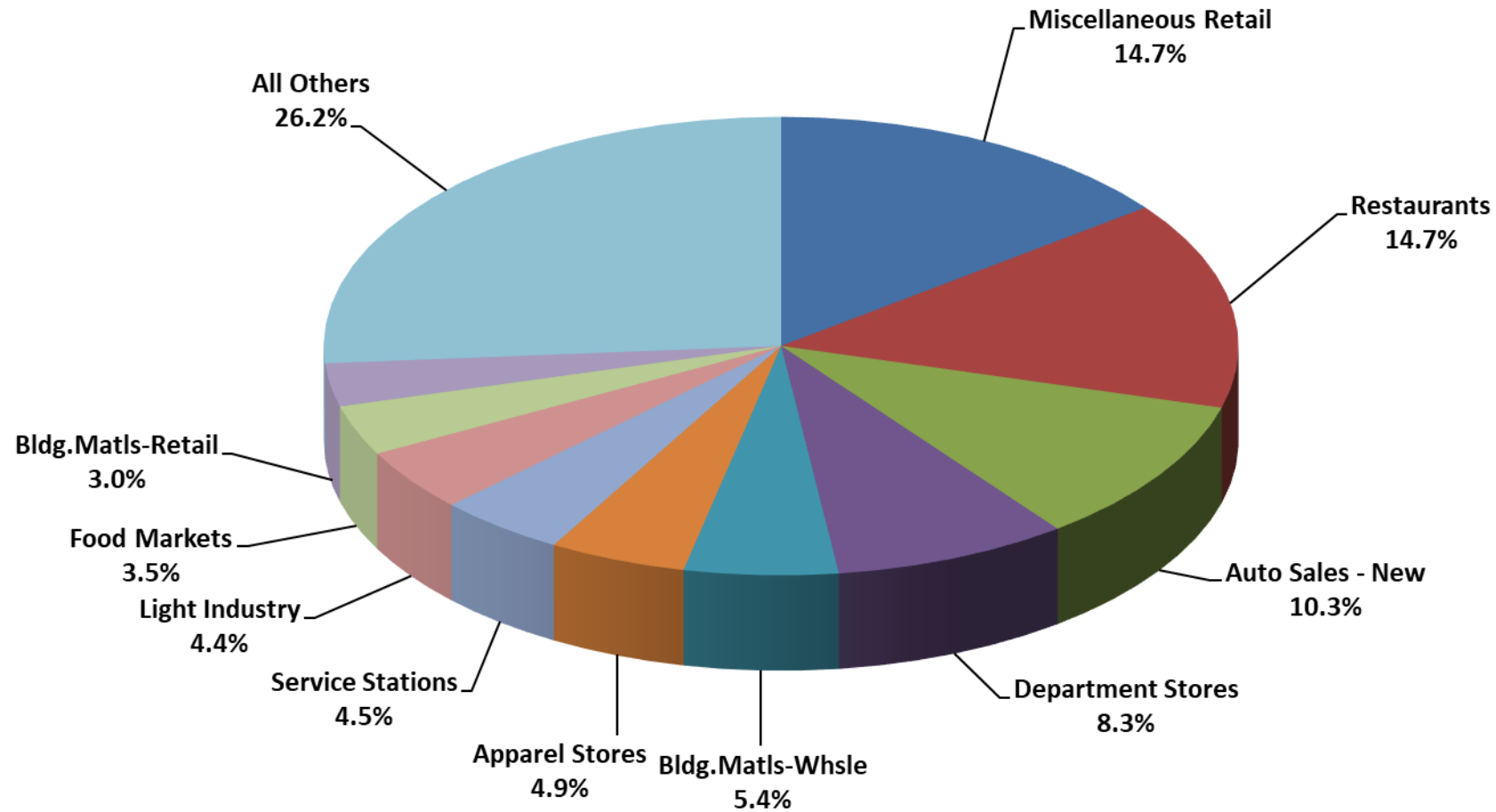
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May 2025 Update

# Agenda

- Top Segments, Quarterly Performance, & Top 25 Businesses
- Employment Compared to Sales Tax per Capita
- Ten Year Growth Rates & Historic Population Growth
- Recent Economic Issues and Sales Tax Trends
- Focus on Pandemic, Recovery, and Inflation
- Forecast Assumptions and Caveats
- Sales Tax Revenue Projections for M2 and TDA

# Top 10 Segments

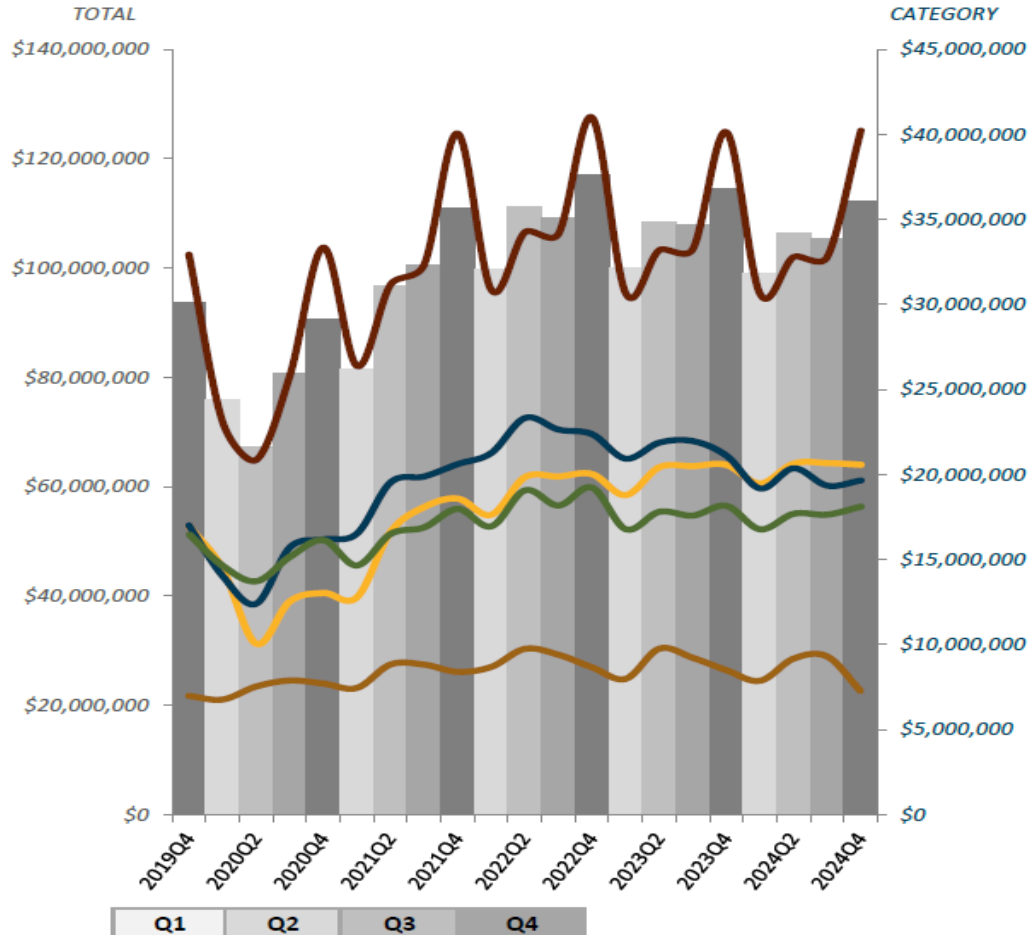


# Quarterly Performance

## TOTAL

Confidential

Economic



## TOTAL Calendar Year Quarters

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$112,253,837	-2.0%	-\$2,345,181	-1.8%	-\$7,711,653

## GENERAL RETAIL

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$40,222,057	0.2%	\$87,417	-0.6%	-\$809,968
% of 2024Q4 Total:		35.8%		

## FOOD PRODUCTS

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$20,577,034	0.1%	\$11,647	1.4%	\$1,098,576
% of Total:		18.3%		

## TRANSPORTATION

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$19,651,886	-6.9%	-\$1,457,397	-8.5%	-\$7,335,375
% of Total:		17.5%		

## CONSTRUCTION

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$7,253,989	-14.6%	-\$1,237,647	-5.2%	-\$1,857,775
% of Total:		6.5%		

## BUSINESS TO BUSINESS

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$18,112,777	-0.2%	-\$42,509	-0.2%	-\$109,743
% of Total:		16.1%		

QoQ = 24Q4 / 23Q4

YoY = YE 24Q4 / YE 23Q4

# Top 25 Sales Tax Generators (generate 25% of sales tax)

**7-Eleven Food Stores**

**Amazon.com**

**Amazon.com (Third Party Sellers/Wayfair)**

**Apple Stores**

**Arco AM/PM Mini Marts**

**Best Buys Stores**

**Chevron Service Stations**

**Costco Wholesale**

**CVS/Pharmacy**

**Dept. of Motors Vehicles (3<sup>rd</sup> party sales)**

**Disneyland**

**EBay**

**Ganahl Lumber Company**

**Home Depot**

**In and Out Burgers**

**McDonald's Restaurants**

**Nordstrom Department Store**

**Ralph's Grocery Company**

**Ross Stores**

**Shell Service Stations**

**Target Stores**

**Tesla**

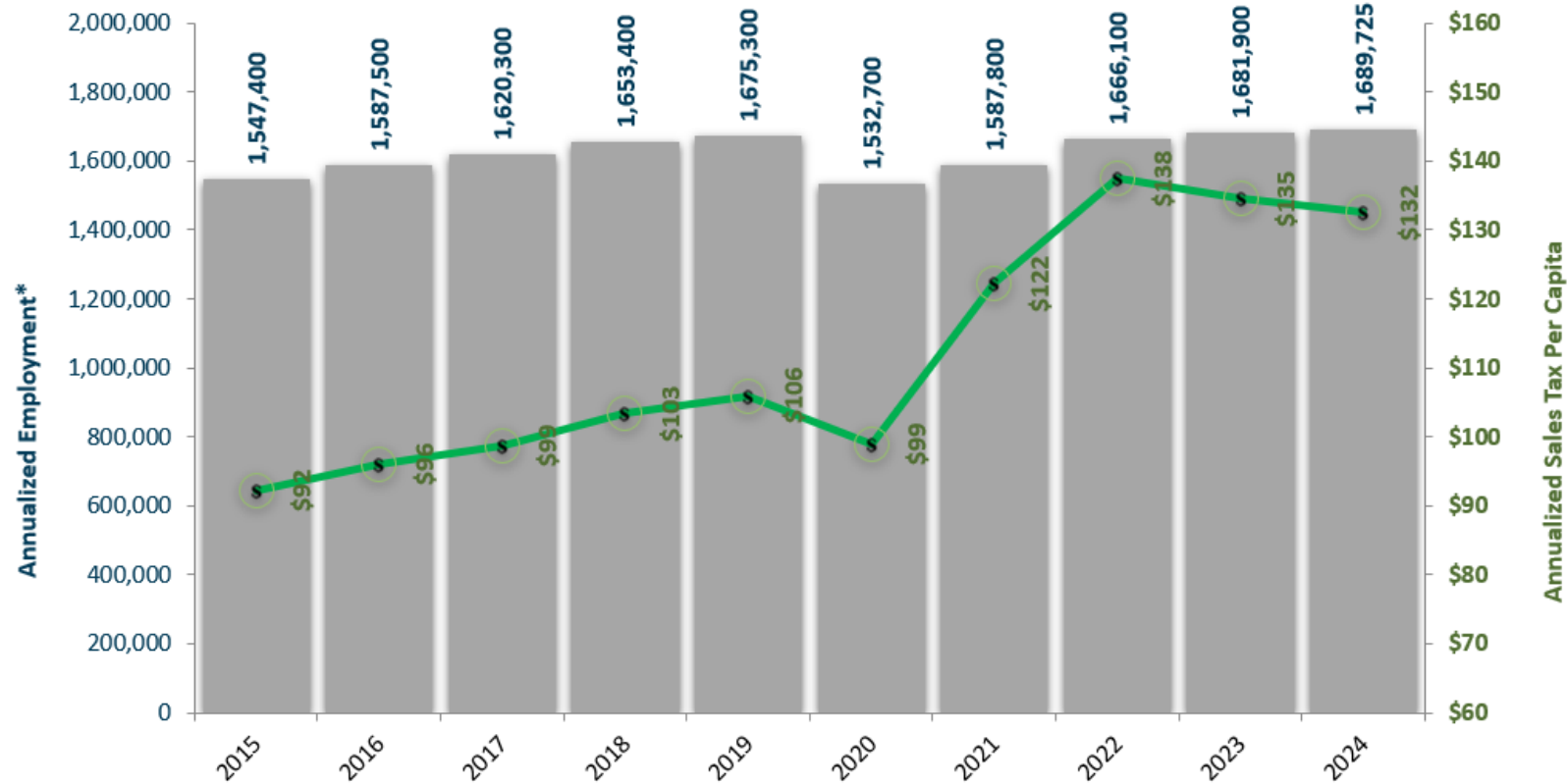
**Uber Eats**

**Union 76 Service Stations**

**Walmart Stores**

# Employment Compared to Sales Tax Per Capita

Estimated Annualized Employment and Gross Sales Tax Per Capita by Benchmark Year



Correlation Coefficient: 0.73

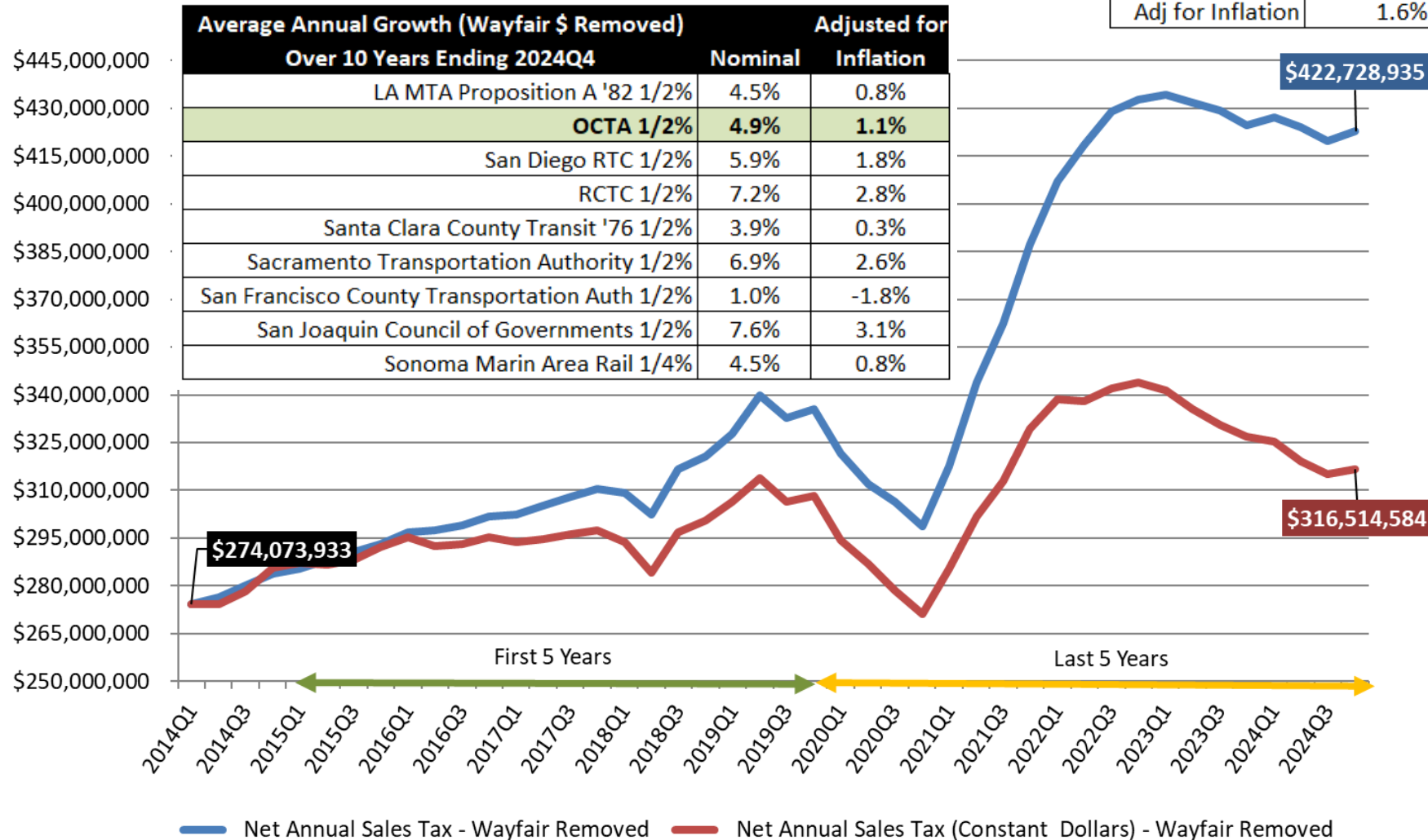
Calendar Years

Measure M2 ½ Sales and Use Tax

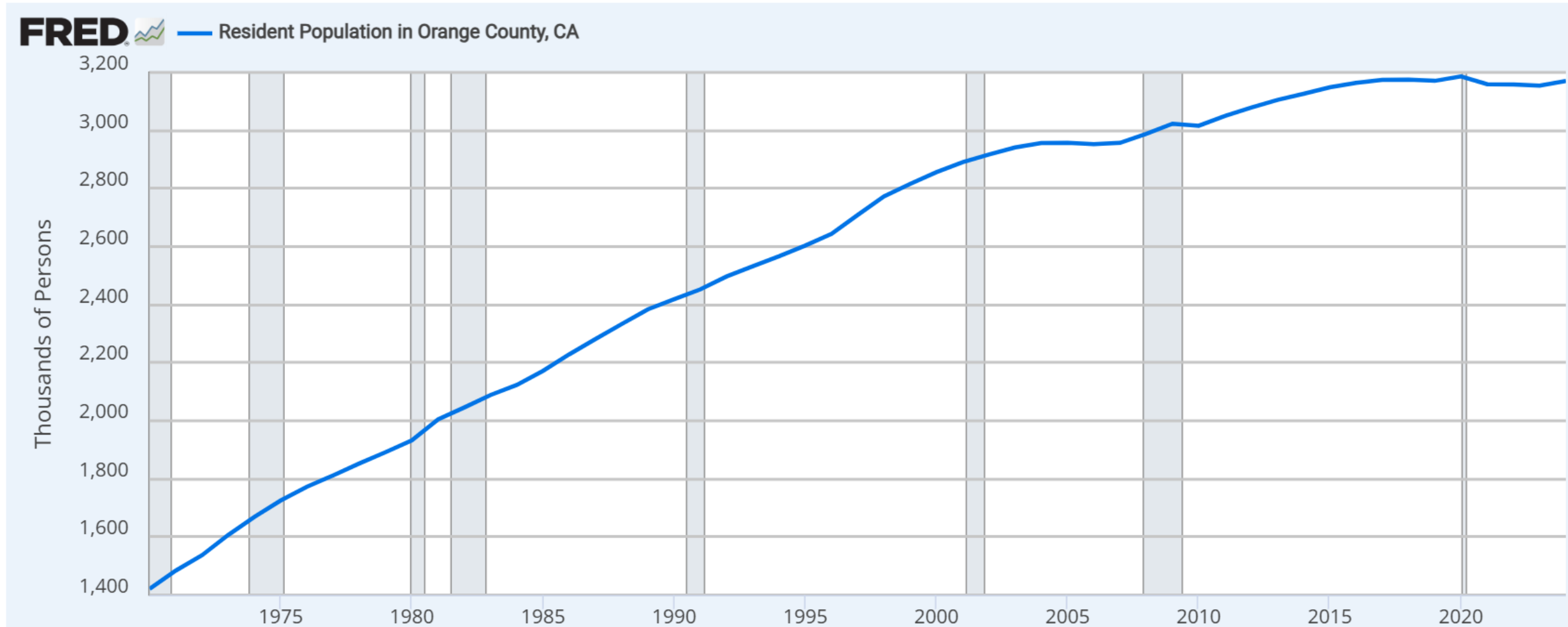
# Ten Year Historic Growth Rates

## NET ANNUAL SALES TAX FOR O.C.T.A. 1/2% Adjusted for Inflation (Wayfair \$ Removed)

OCTA Average Annual Growth (Wayfair \$ Removed)		
	First 5 Years	Last 5 Years
Nominal	3.6%	5.2%
Adj for Inflation	1.6%	0.5%



# Historic Population Growth Rates

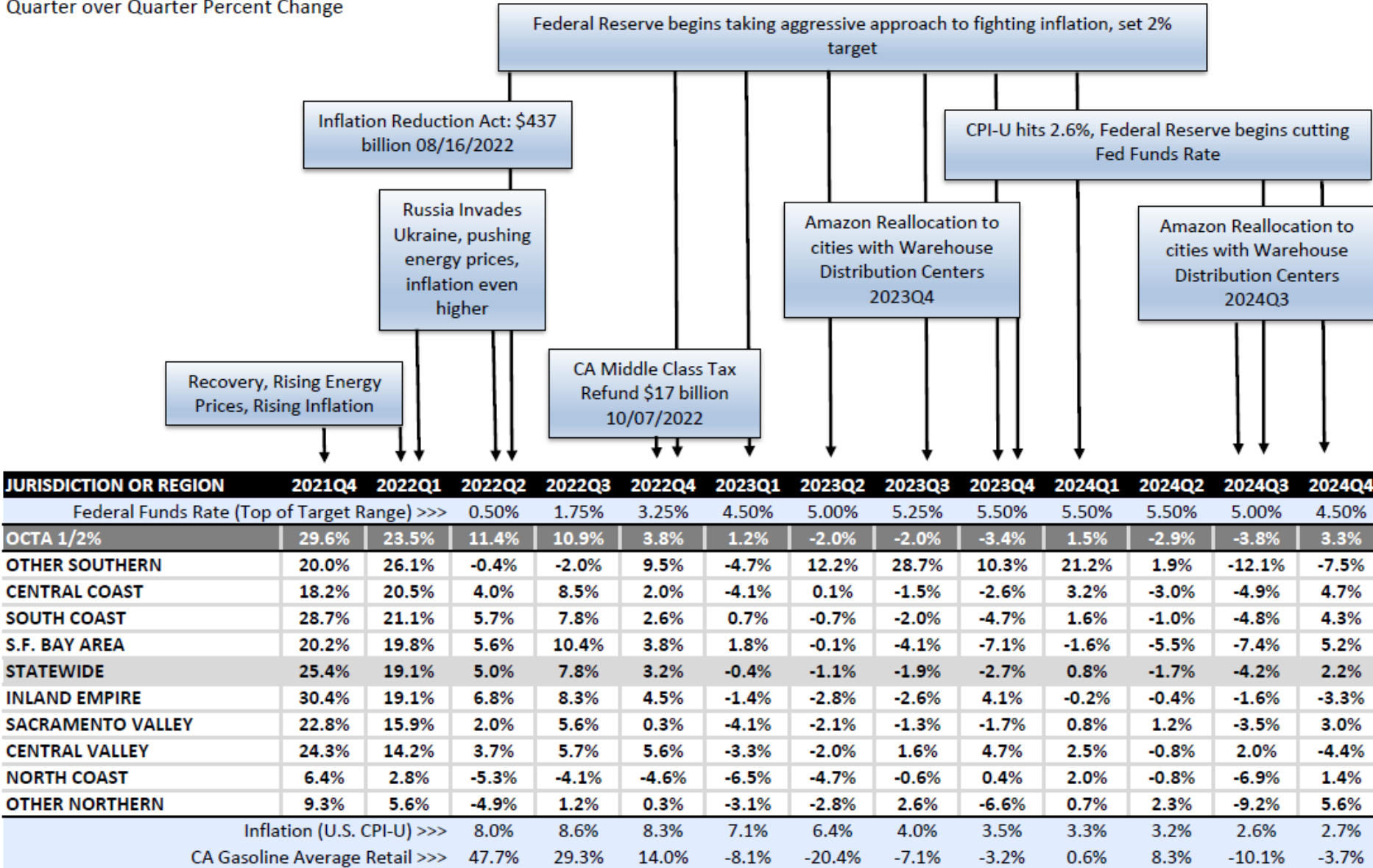




# Recent Economic Issues & Trends

## California Taxable Sales

Quarter over Quarter Percent Change



# Pre-Pandemic, Pandemic, Recovery, Inflation, Recent Years

	Pre-Pandemic	Pandemic	Recovery	Inflation	Post Inflation	Current
	YE 2019Q4	YE 2020Q4	YE 2021Q4	YE 2022Q4	YE 2023Q4	YE 2024Q4
<b>Total Receipts</b>	<b>\$337,941,252</b>	<b>\$302,329,646</b>	<b>\$391,040,015</b>	<b>\$437,094,054</b>	<b>\$429,417,380</b>	<b>\$427,776,391</b>
<b>General Retail</b>	<b>\$103,927,548</b>	<b>\$103,105,131</b>	<b>\$129,946,187</b>	<b>\$140,254,766</b>	<b>\$137,257,607</b>	<b>\$136,447,640</b>
<b>Food Products</b>	<b>\$65,021,097</b>	<b>\$50,087,016</b>	<b>\$66,066,241</b>	<b>\$77,380,889</b>	<b>\$80,272,187</b>	<b>\$81,370,762</b>
Restaurants	48,077,360	33,279,783	47,433,700	57,059,781	60,162,134	<b>61,241,957</b>
<b>Transportation</b>	<b>\$65,875,266</b>	<b>\$58,337,421</b>	<b>\$76,559,167</b>	<b>\$89,607,661</b>	<b>\$85,882,651</b>	<b>\$78,348,439</b>
Auto Sales - New	32,245,490	31,399,820	41,607,643	<b>48,930,510</b>	48,235,072	43,135,774
Service Stations	19,464,618	13,187,948	18,691,876	<b>23,231,350</b>	20,385,957	18,901,873
<b>Construction</b>	<b>\$28,923,422</b>	<b>\$29,897,911</b>	<b>\$33,500,868</b>	<b>\$36,502,293</b>	<b>\$35,457,728</b>	<b>\$33,599,953</b>
<b>Business To Business</b>	<b>\$62,908,594</b>	<b>\$59,661,447</b>	<b>\$66,028,135</b>	<b>\$73,439,462</b>	<b>\$70,338,520</b>	<b>\$70,228,777</b>
<b>Miscellaneous</b>	<b>\$11,872,630</b>	<b>\$11,756,362</b>	<b>\$14,331,700</b>	<b>\$15,969,409</b>	<b>\$16,384,927</b>	<b>\$15,666,197</b>

# Forecast Assumptions

- Increased likelihood for recession/slowdown in 2025 (from previous forecast).
- Significant pandemic disruptions such as supply chain issues and significant inflation (which had been receding) are again potential issues with an uncertain tariff program.
- Avenu forecast is 'conservative' and assumes a flat 2025 and start of slow growth in 2026.
- Federal Reserve interest rates likely to remain 'higher for longer' but not projected to increase.
- Inflation likely to increase in 2025, but it will be temporary and come back down in 2026

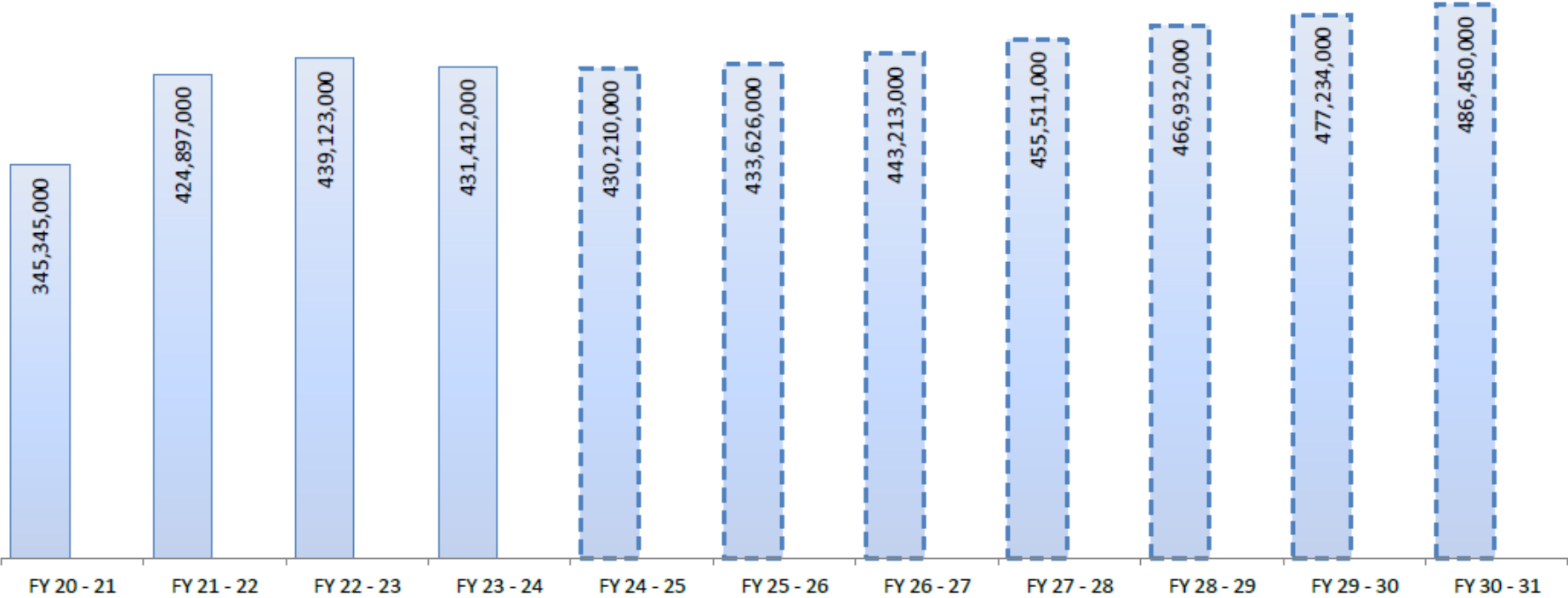
# Forecast Caveats

- Economic conditions continue to have greater than usual levels of uncertainty. Greater uncertainty translates to greater potential variance for the forecast in upcoming years.
- Some of the areas of uncertainty include:
  - What will be the impact of tariffs on consumer behavior?
  - How long will 'trade war' impact economy? What overall impact?
  - How long/how much will inflation impact the economy?
  - How will Fed interest rate adjustments and timing affect economy?
  - How will gas prices adjust over the next several years?
  - How likely is a recession? What trigger? How big? How long?
  - What will be timing & strength of recovery?

# Measure M2 (1½%) Forecast Projections

Gross Cash Projection

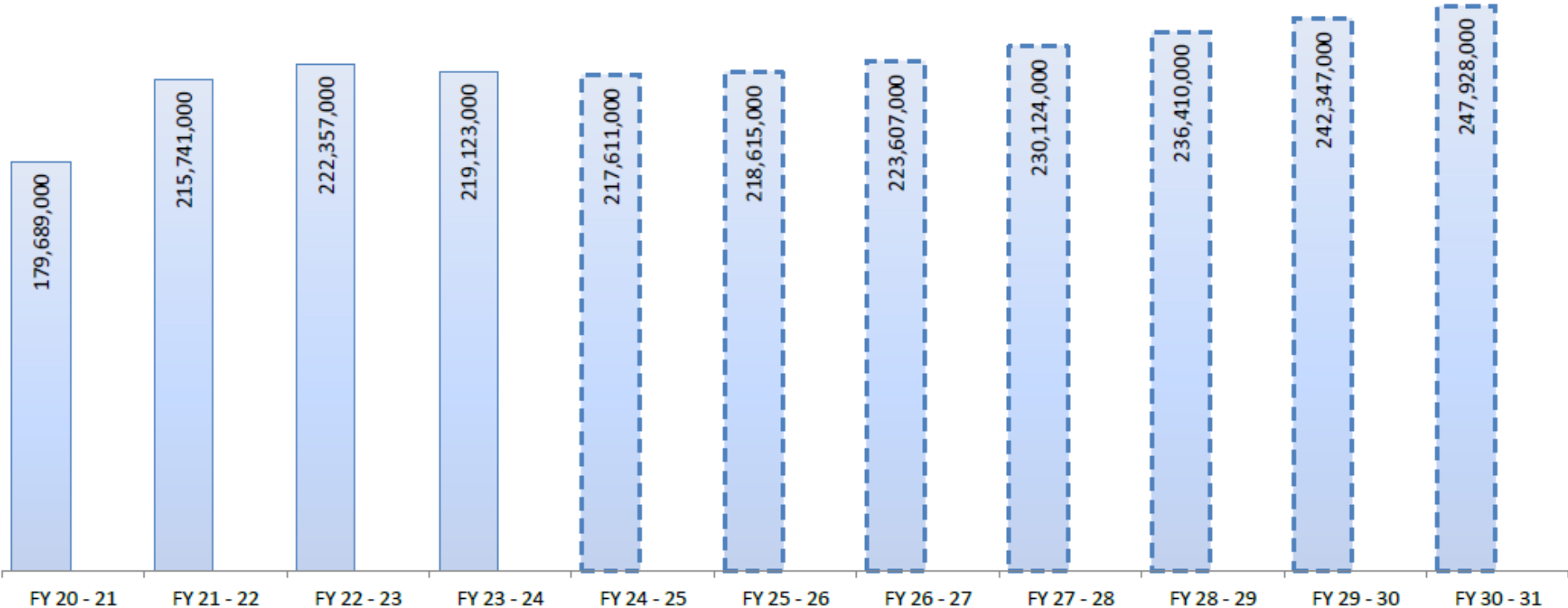
Voter Approved	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30	FY 30 - 31
Cash Projection	431,412,000	430,210,000	433,626,000	443,213,000	455,511,000	466,932,000	477,234,000	486,450,000
Percent Change	-1.8%	-0.3%	0.8%	2.2%	2.8%	2.5%	2.2%	1.9%



# TDA (LTF) 1/4% Forecast Projection

Gross Cash Projection

County Transportation	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30	FY 30 - 31
Cash Projection	219,123,000	217,611,000	218,615,000	223,607,000	230,124,000	236,410,000	242,347,000	247,928,000
Percent Change	-1.5%	-0.7%	0.5%	2.3%	2.9%	2.7%	2.5%	2.3%



# QUESTIONS?