

## Assumptions and Notes:

### 2024 Taxable Sales Forecasts

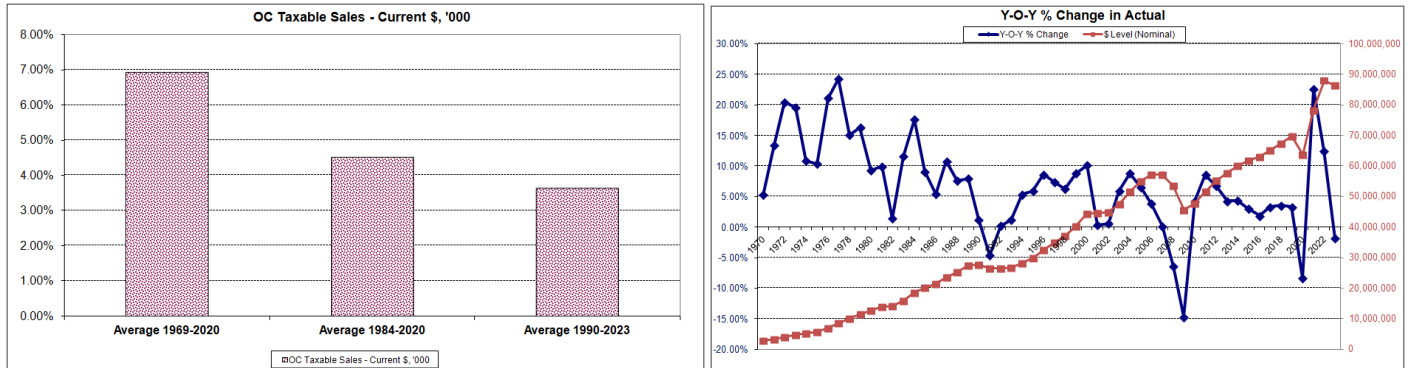
- California taxable sale data is obtained from the California Department of Tax and Fee Administration CDTFA (raw data pull from OpenBOE TaxSalesByCounty.xls):

<https://www.cdtfa.ca.gov/dataportal/>

Taxable Sales - By County (Taxable Table 2)

\*note that CDTFA re-stated the 2022 taxable sales by -431,188 (in 000's) relative to the figures published as of 4/2023 (this typically occurs with updates throughout the year).

- OC Taxable sales decreased by 1.84% during 2023 following the increase of 12.49% in 2022.



- Compared to last year's long term model forecast, the average annual growth of Taxable sales in OC for the forecast horizon (model expectation from 2024 to 2043) is expected to remain stable ranging from 2.50% to 2.70% in nominal terms and 0.20% to 0.40% in real terms. The table below compares the average annual growth rate over the forecast horizon of this year's forecast with last year's forecast.

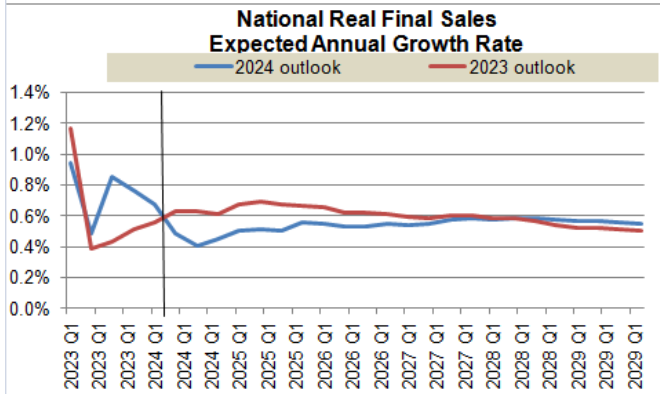
Forecast Taxable Sales -- Annual Average Growth Rate		Nominal		Real	
		Calendar Year	Fiscal Year	Calendar Year	Fiscal Year
<b>THIS YEAR</b>	<b>Average 2024-50</b>	2.65%	2.55%	0.37%	0.25%
<b>LAST YEAR</b>	<b>Average 2024-50</b>	2.54%	2.58%	0.23%	0.25%

- National real taxable sales is a leading indicator of Orange County taxable sales and one of the key variables in our model (real final sales to domestic purchasers, BEA). The table below summarizes the change in the average national real taxable sales over the forecast window (2024-2050) from last year to this year. Over the forecast horizon, the average quarterly change in National retail sales is expected to decrease slightly from 0.52% to 0.52% (1 basis point or 2.38 percent) and the level of Consumer confidence is expected to decrease slightly by 1.58 percent over the forecast horizon.

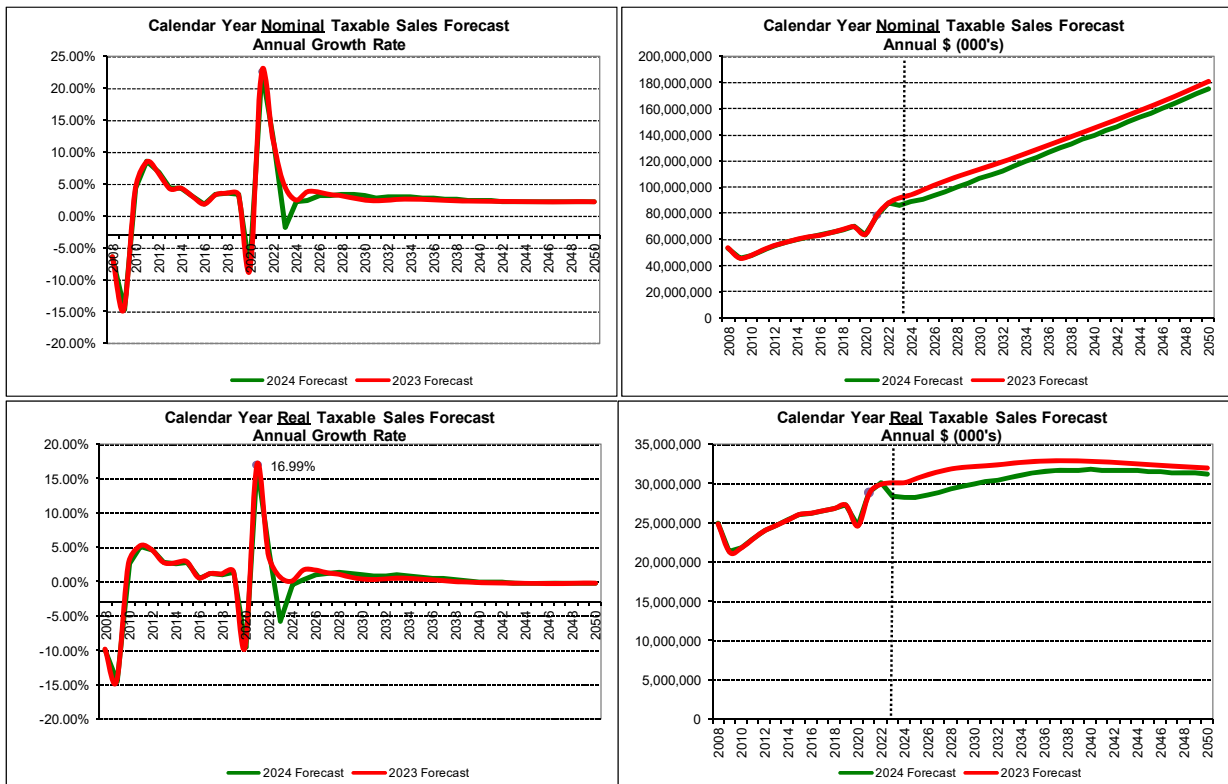
**Forecast Outlook - National Real Final Sales**

Calendar Years: 2024-2043

	This Year	Last Year	
	2024 outlook	2023 outlook	% chg
Real \$	29,244	27,291	7.16%
Annual Growth	0.51%	0.52%	-2.38%
OC POP	0.46	0.46	0.00%
ConConf	87.64	89.05	-1.58%

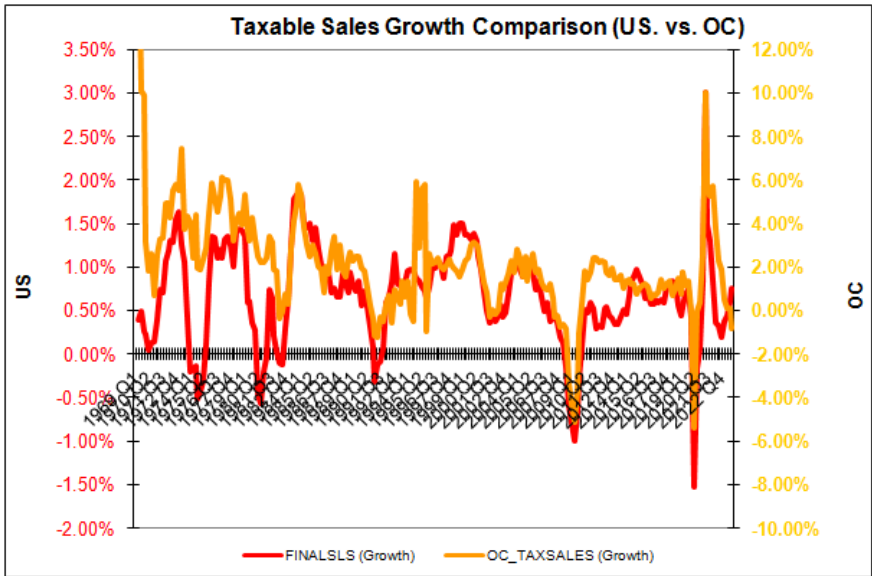


- Despite a relatively flat expected growth rate in nominal/fiscal year terms over the forecast horizon (2.55% this year vs. 2.58% last year), the average annual taxable sales level decreases by nearly \$6,000 (in 000's) due to the level shift created by the fact that actual taxable sales came in lower than expected during 2023. This offset is carried forward throughout the updated forecast horizon (2024-2043).



Below is a summary of the key variables and forecast assumptions associated with the taxable sales forecast.

Taxable Sales Model - Key Assumptions		
Model Factor	Average over Period	
	1969-2023	2024-2050
Model Factor	Estimation Period	Forecast Period
U.S Real Final Sales (Quarterly Change)	0.68%	0.50%
U.S. Consumer Confidence (Annualized Change)	2.85%	2.28%
Orange County Population Growth (Annualized Change)	6.57%	0.42%



### Inflation Forecast 2024:

- Actual inflation during 2023 came in right in line with model expected (actual of 4.13% vs. expected of 4.08% during 2023).
- Over the latest forecast horizon, we are projecting a slight decrease in inflation relative to last year's forecast (latest forecast reflects average inflation of 2.27% vs. 2.38% last year for the forecast period of 2024 to 2050). Most of the decrease in overall average is realized later in the forecast (beyond 2028) with higher expected near-term inflation (relative to last year's forecast over the same period).

