

## Assumptions and Notes:

### Taxable Sales Forecast 2025:

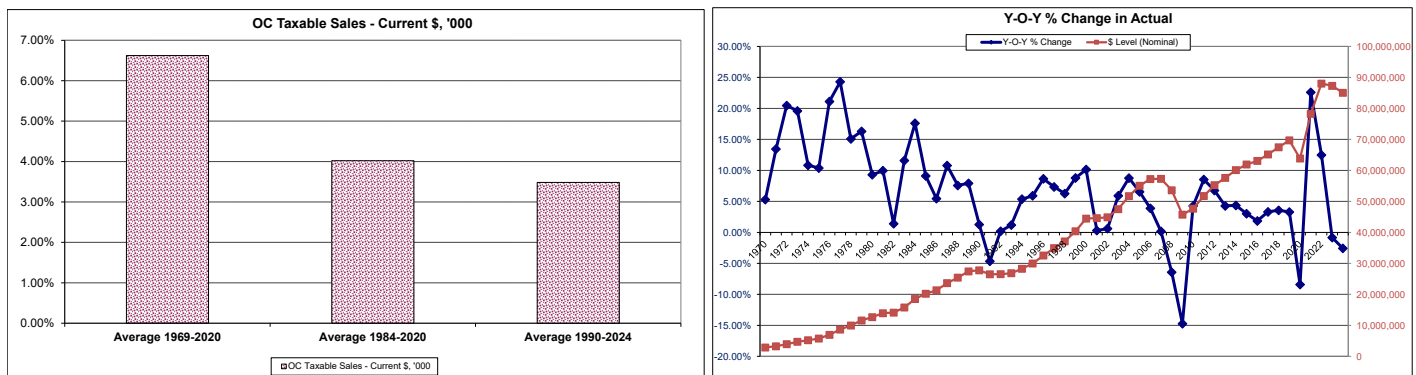
- California taxable sale data is obtained from the California Department of Tax and Fee Administration CDTFA (raw data pull from OpenBOE TaxSalesByCounty.xls):

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

#### Taxable Sales - By County (Taxable Table 2)

\*note that CDTFA re-stated the 2023 taxable sales the by -887,594 (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 2.57% during 2024 following the decrease of 0.83% in 2023.



- 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 2025 to 2043) is expected to remain stable ranging from 2.57% to 2.66% in nominal terms and 0.26% to 0.42% in real terms. The table below compares the average annual growth rate over the same forecast horizon (2025 to 2043) of this year's forecast with last year's forecast.

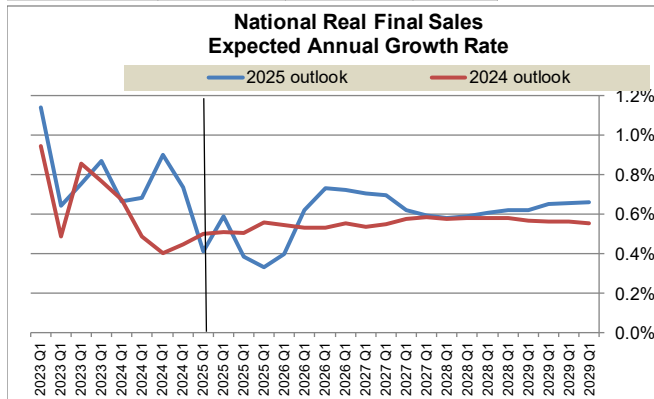
Forecast Taxable Sales -- Annual Average Growth Rate					
		Nominal		Real	
		Calendar Year	Fiscal Year	Calendar Year	Fiscal Year
THIS YEAR	Average 2025-50	2.57%	2.47%	0.26%	0.16%
LAST YEAR	Average 2025-50	2.66%	2.67%	0.42%	0.40%

- 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 average national real taxable sales over the forecast window (2025-2050) from last year to this year. Over the forecast horizon, the average quarterly change in National retail sales is expected to increase slightly from 0.51% to 0.55% (4 basis points or about 8 percent) while the level of Consumer confidence is expected to decrease slightly by less than one percent (-0.80%).

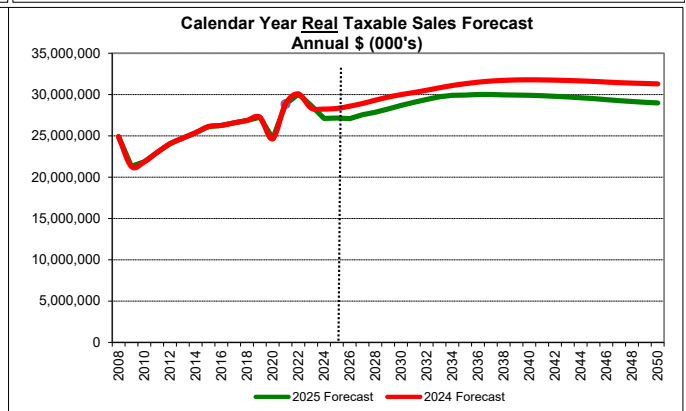
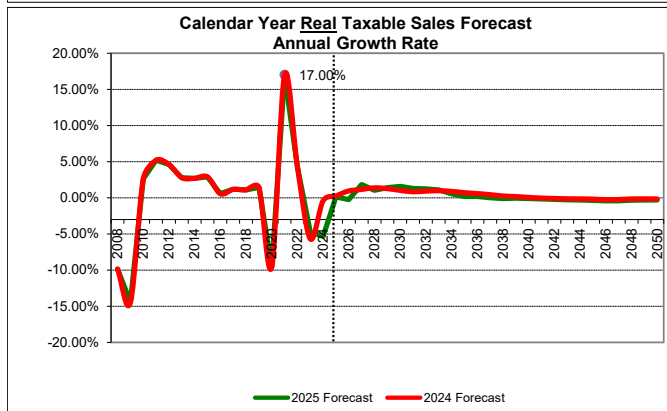
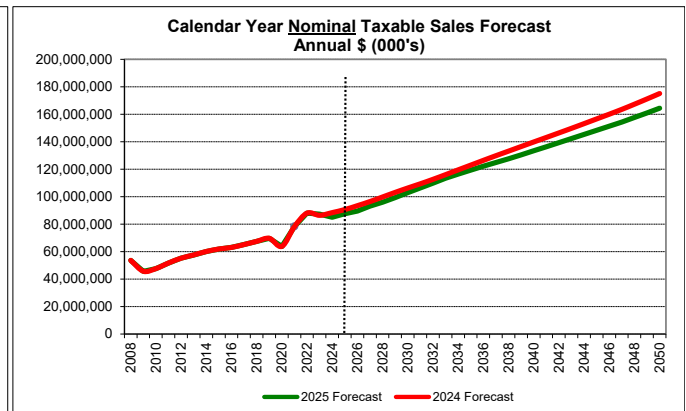
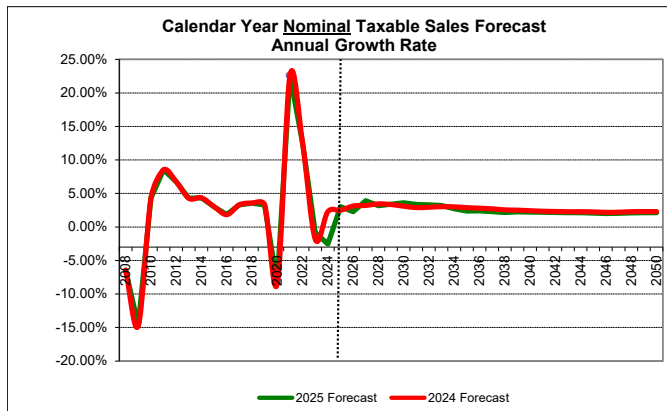
## Forecast Outlook - National Real Final Sales

Calendar Years: 2025 to 2043

	This Year	Last Year	
	2025 outlook	2024 outlook	% chg
Real \$	30,826	29,532	4.38%
Annual Growth	0.55%	0.51%	7.99%
OC POP	0.4331	0.4331	0.00%
ConConf	87.38	88.09	-0.80%

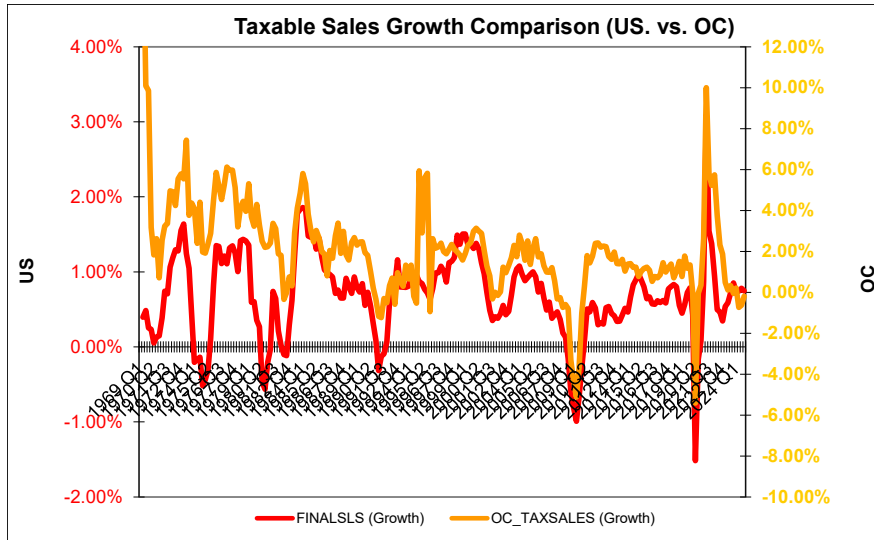


- The average expected level of OC annual taxable sales decreases by \$5,612,105 (in 000's) over the latest forecast horizon. This decrease is due to a combination of two factors:
  - Level shift in actual taxable sales observed in 2024: actual taxable sales came in nearly 4 percentage points lower than expected during 2024 (see above, 3,338,741 lower based calendar year actuals) and
  - Slight decrease in the expected growth rate of nominal taxable sales over the forecast horizon (2.47% this year vs. 2.67% last year).



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

Taxable Sales Model - Key Assumptions		
	Average over Period	
	1969-2024	2025-2050
Model Factor	Estimation Period	Forecast Period
U.S Real Final Sales (Quarterly Change)	0.69%	0.53%
U.S. Consumer Confidence (Annualized Change)	3.58%	0.94%
Orange County Population Growth (Annualized Change)	6.31%	0.37%



### Inflation Forecast 2025:

- Actual inflation during 2024 came in 24 bps. higher than model expected (actual of 2.95% vs. expected of 2.72% from our original model forecast for 2024).
- The latest forecast produces an expected inflation rate of 2.31% over the entire forecast horizon from 2025 to 2050 (compared to 2.28% last year over the same forecast window). Relative to expected inflation last year, we expect inflation to be higher in the near-term (2026 and 2027) and relatively consistent (with last year's expectation) from 2028 to 2050.

