





## STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of October through December were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating period of the year but exhibited diminished year-over-year returns as consumers struggled with tariff concerns and pulling back on discretionary spending.

For the past eight quarters - two calendar years - statewide results have declined; led mostly by autos-transportation and building-construction suppressed activity due to the sustained high interest rate environment. Specifically, this quarter, as new and used car returns pulled back, only leasing activity improved likely representing buyers willingness to wait for more advantageous economic conditions before committing to long term obligations. Furthermore, building-construction drops spanned multiple categories including building materials, plumbing/electrical and contractors as property owners delay repairs and improvements until they're more comfortable tapping available equity.

During this holiday shopping period, brick-and-mortar general retailers slumped 2.4%, further hindered by lower gas prices. Recent closures by merchants selling variety/low priced items and weaker returns from department stores were most impactful. As consumers appeared more interested in value/discounted items vs higher priced/luxury goods, overall statewide receipts revealed growth from online retailers by way of local returns through fulfillment centers and allocations via each county's use tax pool demonstrating a desire to spend, just more through different vendors which shifted local tax distributions.

Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

Revenue from restaurants sustained a modest gain of 1.3%, with only a waning from fine dining establishments - consistent with spending trends in other sectors. As eateries try and balance higher menu prices and demand, a 'return to office' call by businesses could inspire future increased foot traffic for many venues in metropolitan centers.

The fourth quarter also marks the end of the calendar year. As expected 2024 was 1.2% lower than 2023 with most sectors taking a hit. Only restaurants, business-industry and allocations via the county use tax pools improved.

With national tariff discussions happening at the federal level, consumers start 2025 wondering if higher priced goods and difficult decisions are on the horizon. Also, the Federal Reserve Board hasn't signified any relief by way of lower interest rates leaving only minimal growth expectations to come. The theme of the current economic outlook is uncertainty.

## SALES TAX RATE BREAKDOWN

10.25%

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
Arcata Measure H (Supplemental) (SPPH)	0.7500%
Arcata Measure G (ARGF)	0.7500%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
Humboldt County Measure O (HBGT)	0.5000%
Humboldt County Measure O (Supplemental) (SUPP)	1.0000%

Tax Rate Effective April 01, 2025

10.2500%

## TOP NON-CONFIDENTIAL BUSINESS TYPES

Arcata Business Type	Q4 '24	Change	County Change	HdL State Change
Casual Dining	88,442	6.6% <span>↑</span>	0.1% <span>↑</span>	1.9% <span>↑</span>
Building Materials	78,664	0.5% <span>↑</span>	-0.8% <span>↓</span>	-3.4% <span>↓</span>
Grocery Stores	56,184	1.2% <span>↑</span>	-1.4% <span>↓</span>	-1.0% <span>↓</span>
Service Stations	47,406	-3.6% <span>↓</span>	-5.1% <span>↓</span>	-13.0% <span>↓</span>
Contractors	42,697	38.6% <span>↑</span>	6.3% <span>↑</span>	-4.8% <span>↓</span>
Quick-Service Restaurants	27,662	1.3% <span>↑</span>	2.6% <span>↑</span>	1.7% <span>↑</span>
Specialty Stores	22,499	-1.4% <span>↓</span>	-6.2% <span>↓</span>	-1.7% <span>↓</span>
Auto Repair Shops	18,480	1.5% <span>↑</span>	-7.2% <span>↓</span>	-5.1% <span>↓</span>
Cannabis Related	16,172	-20.3% <span>↓</span>	-3.3% <span>↓</span>	-10.7% <span>↓</span>
Fast-Casual Restaurants	15,309	-17.3% <span>↓</span>	-10.7% <span>↓</span>	1.5% <span>↑</span>

*\*Allocation aberrations have been adjusted to reflect sales activity*