

CITY OF ARCATA

SALES TAX UPDATE

2Q 2025 (APRIL - JUNE)



ARCATA

TOTAL: \$ 770,128

-2.9%

2Q2025



-2.1%

COUNTY



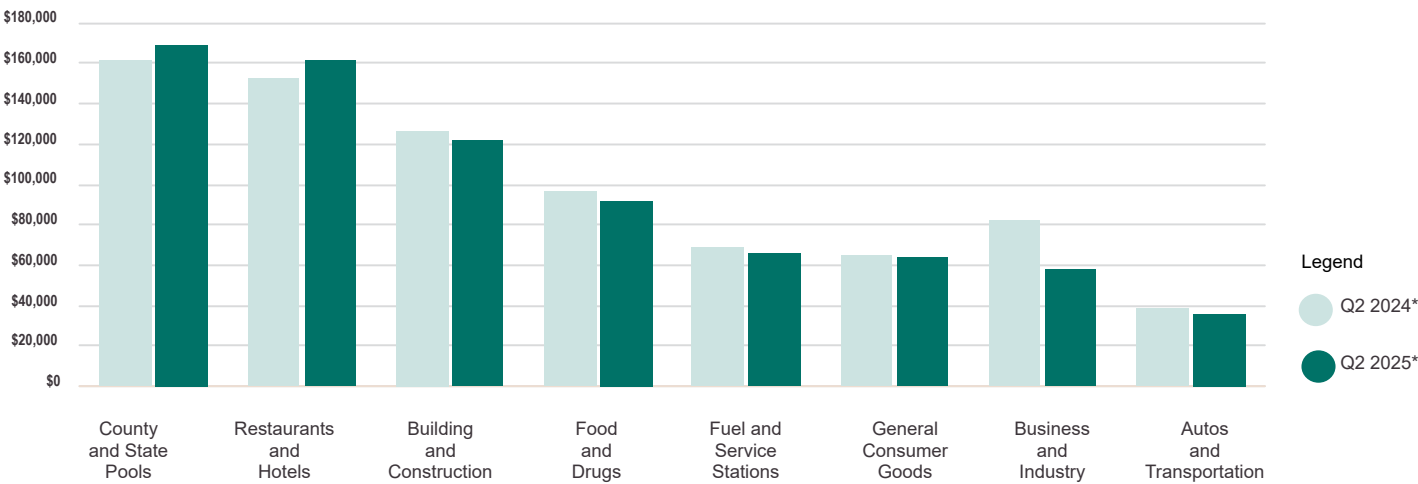
0.5%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure G

TOTAL: \$736,500

↑ 2.1%

Measure H (Supplemental)

TOTAL: \$694,986



CITY OF ARCATA HIGHLIGHTS

Arcata's gross receipts from May – June 2025 were down 2.1% compared to the second sales period in 2024. After adjusting for audit adjustments and delayed payments, actual sales were 2.9% lower.

On the positive, the City's allocation from the countywide use-tax pool improved 5.1% due to an increase in its quarterly pool share. Casual and fast casual dining (assisted by some new eateries) led a similar gain for restaurants-hotels.

Although building materials receipts grew, comparison to one-time contractor payments last year negatively skewed results. A slow-down in convenience/liquor store and cannabis purchases depressed food-drugs returns.

The fluctuating price of crude oil, and the resultant lower gas prices caused fuel-service station receipts to slide 3.5%. Consumers were cautious and it showed – as brick & mortar retail slipped 1.5%.

The largest comparative decrease occurred in business-industry due to a closed business and one-time payments a year ago, resulting in a 29.5% drop.

Voter-approved Measure G netted positive results, as one-time payments in building-construction and business-industry offset a drop in autos-transportation due to fewer purchases of new and used cars by locals.

Net of adjustments, taxable sales for all of Humboldt County declined 2.1% and the Far North region was down 2.6%.



TOP 25 PRODUCERS

- | | |
|-------------------------------------|-----------------------------------|
| 76 | McDonald's |
| C & K Johnson Industries | Mill Yard |
| Chevron | Murphys Sunnybrae Market |
| Compass Group USA | North Coast Cooperative |
| CVS Pharmacy | Oriental Buffet |
| Eureka Sand & Gravel | Patriot Gasoline |
| Fireplace | Safeway |
| Fourth Street Market | Shell |
| Liquors Deli | Tonis Restaurant |
| Franklins Service | Tractor Supply |
| Harbor Freight Tools | Valley Pacific Petroleum Services |
| Hensels Ace Hardware | Wildberries Marketplace |
| Humboldt Fasteners & Tools | |
| Kens Auto Parts & Truck Accessories | |



STATEWIDE RESULTS

California's one-cent local sales and use tax receipts rose 0.6% in Q2 compared to the same period last year, after adjusting for accounting anomalies. While only modest growth, it is the second consecutive quarter experiencing positive results following an extended timeline of declines. This period is traditionally met with improved weather with the beginning of summer activity.

Steady gains in both business-industry and countywide use tax pools were driven by strong online sales, reflecting shopper's willingness and ability to spend. Whether pulled from inventory within California or shipped from outside the state, demand for goods by value-conscious shoppers prevailed. Other notable upticks came from purchases of office and electrical equipment.

Increased tax receipts from restaurants also demonstrated diners continued desire to eat out. Even amongst higher menu prices and tip fatigue, casual dining establishments generated the largest lift. While this is a good sign for the coming summer season, underlying data shows that disposal personal income – a key driver of restaurant sales – is growing at a slower pace than prior years, possibly signaling softer tax growth on the horizon.

The two sectors primed to take advantage of upcoming interest rate changes, autos-transportation and building-construction, only experienced lackluster returns this period. New auto sales declined, offsetting gains in used vehicles and leasing, while building material sales remained unchanged from a year ago. However, aging vehicles and deferred home improvements remain a potential catalyst driving demand in the near term.

Balancing the positive results, revenue

from fuel and service stations declined for the ninth time in ten quarters, primarily due to West Texas Intermediate (WTI) low crude oil prices. As the global economy and development remains tempered, so has the demand for oil, leaving prices relatively low. While this dampens sales taxes, lower fuel costs during peak travel months may boost spending in other segments.

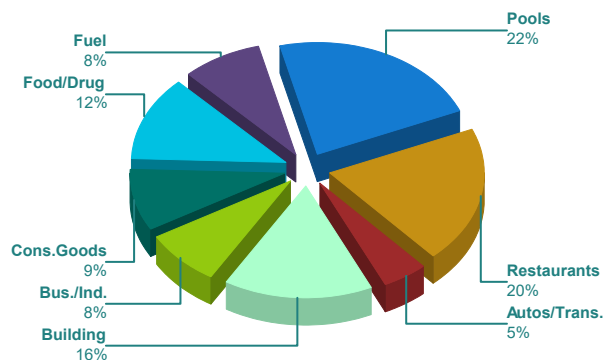
Traditional retailers saw a 1% decline, with specialty, sporting goods, and department stores under performing compared to year ago totals. Inflation and tariffs continue to pressure consumer spending and retailer margins, prompting reevaluation of physical store investments by regional and national

companies alike.

The September reduction in the federal funds rate, noting the possibility of more in early 2026, leaves optimism regarding future financing and accessing equity opportunities for some consumers. However, national tariff/trade talks remain a vital piece of the inflation/higher prices story with the potential of diminishing spending power. So sluggish calendar year 2025 continues with only modest expansion expected braced against the ever-changing larger economic trends.

REVENUE BY BUSINESS GROUP

Arcata This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Arcata Business Type	Q2 '25	Change	County Change	HdL State Change
Casual Dining	97,705	6.5% ↑	-3.5% ↓	1.4% ↑
Building Materials	93,083	7.3% ↑	-1.2% ↓	-0.9% ↓
Grocery Stores	54,092	-0.9% ↓	0.8% ↑	-0.2% ↓
Service Stations	50,375	-4.1% ↓	-8.7% ↓	-9.4% ↓
Quick-Service Restaurants	28,918	-0.4% ↓	1.8% ↑	-0.7% ↓
Contractors	28,649	-28.4% ↓	-3.4% ↓	-0.9% ↓
Auto Repair Shops	20,635	-1.3% ↓	-3.9% ↓	-8.9% ↓
Fast-Casual Restaurants	17,735	7.9% ↑	17.8% ↑	-1.6% ↓
Specialty Stores	17,477	-2.0% ↓	-6.9% ↓	-3.4% ↓
Cannabis Related	15,423	-11.4% ↓	-14.9% ↓	-2.2% ↓

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