

CITY OF ARCATA

SALES TAX UPDATE

3Q 2025 (JULY - SEPTEMBER)



ARCATA

TOTAL: \$ 799,809

-2.9%

3Q2025



-0.3%

COUNTY



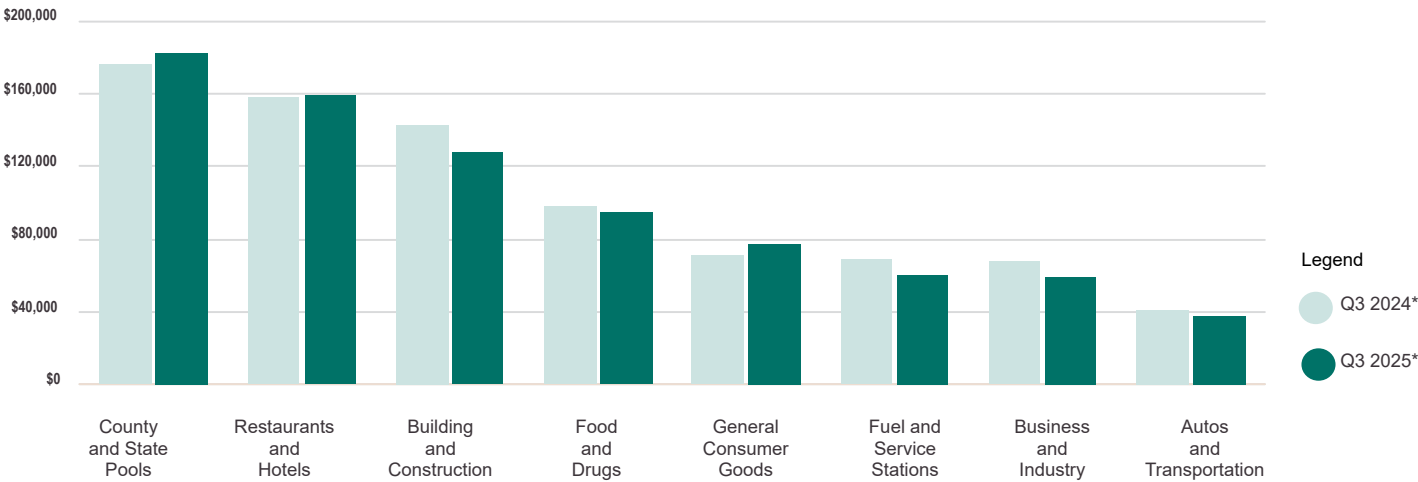
1.9%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure G

TOTAL: \$755,183

↑ 0.2%

Measure H

TOTAL: \$742,571



CITY OF ARCATA HIGHLIGHTS

Arcata's receipts from July through September were 4.3% above the third sales period in 2024. Excluding reporting aberrations, actual sales were down 2.9%.

Fuel-service station receipts slumped again with the cost to fill up at the pump more affordable and reduced demand as consumers move to more fuel-efficient vehicles. Both building-construction and business-industrial have slowed with fewer orders and the cyclical nature of some sectors.

People preferred the value offered at fast-food restaurants, but casual dining remitted lower returns as menu price fatigue has set in. Deal-seeking shoppers sought out bargains online, and with some business investments, meant

improved revenues from the countywide use tax pool

Measure G posted modest gains from retail ecommerce and home furnishings sales, customers seeking value at quick service restaurants, while residents purchased fewer new-used vehicles. Measure H is in its second quarter of collection and does not yet have comparisons to prior year activities. It is expected to perform similarly to Measure G once fully implemented. Early quarters of a new district tax can vary due to start-up factors and variations in taxpayer reporting schedules.

Net of aberrations, taxable sales for all of Humboldt County declined 0.3% over the comparable time period; the Far North region was down 0.3%.



TOP 25 PRODUCERS

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



STATEWIDE RESULTS

California's local one-cent sales and use tax receipts for July through September were 1.8% higher than the same quarter last year, after adjusting for accounting anomalies. While growth appears modest, calendar year 2025 remains on pace to rebound following two years of declines. Combined with second-quarter activity, the summer period posted a 1% improvement over the 2024 season.

Sustained consumer trends reflected a willingness to spend while remaining cost-conscious and prioritizing value. Online retailers, reporting to both business-industry and countywide use tax pools (depending on inventory location at purchase), recorded the strongest gains. This momentum extended to brick-and-mortar retailers, which also posted modest improvements. Seasonal "back-to-school" activity boosted men's and family apparel along with shoe stores, lifting the General Goods sector and enhancing expectations for the upcoming holiday shopping period.

Tax receipts from restaurants edged higher, supported by households' continued desire to eat out. Despite balancing higher menu prices, tip fatigue, and tighter margins, casual dining establishments generated the largest gains. Overall, summer performance appeared stable but lacked the tourism surge many had hoped for.

Offsetting positive results was a decline in revenue from fuel-service stations—marking the 10th out of the last 11 quarters with negative year-over-year change. This trend is largely tied to West Texas Intermediate (WTI) crude oil prices, which hit their lowest monthly levels since 2021. While lower gas prices may encourage spending in other categories, potential oil refinery closures in the coming year could keep per-gallon prices elevated.

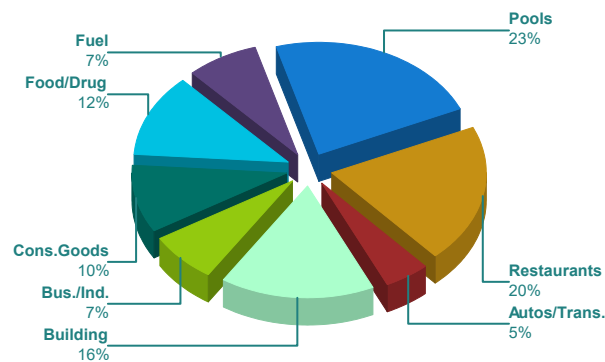
The food and drug sector continued its downward trend as grocers remitted fewer taxes, reflecting the challenge of generating taxable revenue amid rising food prices. Drug store filings have declined throughout the year, driven partly by increased access to medications through ecommerce platforms and a contraction in physical store footprints due to over-saturation and chain bankruptcies.

Two sectors poised to benefit from lower short-term interest rates—autos-transportation and building-construction—repeated a pattern of lackluster returns. A minor uptick came from new auto sales and leasing, while building material

suppliers struggled during the summer, likely creating pent-up demand for repairs and improvements ahead.

With the Federal Reserve considering additional rate changes in early 2026, optimism for improved consumer financing conditions and stronger sales tax receipts remains. As national tariff and trade talks ease, inflationary pressures will continue to shape spending behavior. For now, calendar year 2025 closes with sluggish but stable performance, awaiting broader economic shifts.

REVENUE BY BUSINESS GROUP Arcata This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Arcata Business Type	Q3 '25	Change	County Change	HdL State Change
Building Materials	101,727	10.0% ↑	2.5% ↑	-2.7% ↓
Casual Dining	93,899	-2.1% ↓	-4.2% ↓	0.7% ↑
Grocery Stores	55,861	-0.2% ↓	-3.7% ↓	-3.1% ↓
Service Stations	46,566	-9.7% ↓	-10.2% ↓	-5.7% ↓
Quick-Service Restaurants	31,520	12.0% ↑	-2.2% ↓	-1.8% ↓
Contractors	26,144	-48.0% ↓	-9.9% ↓	-0.7% ↓
Auto Repair Shops	19,573	-11.9% ↓	-7.5% ↓	-6.7% ↓
Specialty Stores	18,646	0.4% ↑	-0.6% ↓	-3.1% ↓
Fast-Casual Restaurants	17,902	-7.8% ↓	8.7% ↑	-2.8% ↓
Cannabis Related	17,892	1.3% ↑	0.9% ↑	1.1% ↑

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