

CITY OF FORTUNA

SALES TAX UPDATE

1Q 2025 (JANUARY - MARCH)



FORTUNA

TOTAL: \$ 476,938

0.7%
1Q2025



-1.1%
COUNTY

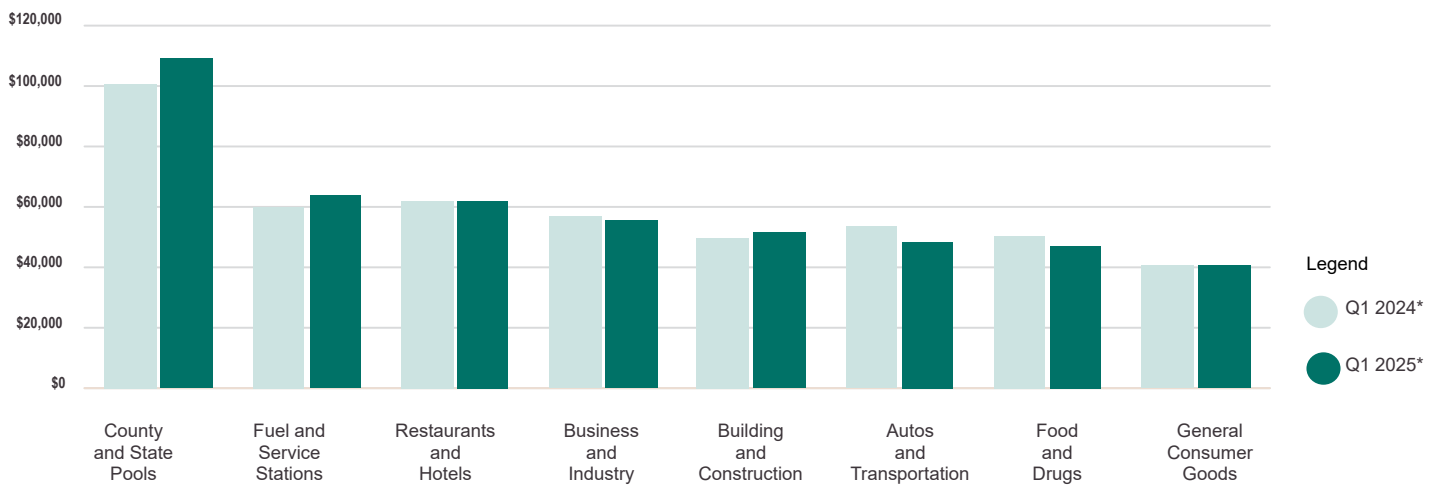


0.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure E

TOTAL: \$437,364

↑ 4.6%



CITY OF FORTUNA HIGHLIGHTS

Fortuna's receipts from January through March were 1.5% below the first sales period in 2024. Excluding reporting aberrations, actual sales were up 0.7%.

State-county pools the City's largest income classification enjoyed strong results with an 8.2% return as several businesses in the pools performed well. Service stations had modest returns at the pumps this quarter while gas prices remained stable.

Building-construction profits were encouraging, as contractors saw demand for their services from commercial investors.

The autos-transportation category had negative revenues from automotive

supply stores as car owners choose to delay servicing their vehicles. Furthermore, the food-drug category saw meager proceeds at convenience stores as shoppers looked to discount stores for better bargains. Likewise, the restaurants-hotels group experienced soft gross receipts at quick service establishments primarily due to higher menu prices businesses implemented.

Measure E, the voter approved transaction tax had positive collections with returns of 4.6%.

Net of aberrations, taxable sales for all of Humboldt County declined 1.1% over the comparable time period; the Far North region was flat.



TOP 25 PRODUCERS

- Ace Hardware & Garden
- Cigarette Payless
- Dollar General
- Eel River Brewing
- Forbusco Lumber
- Fortuna Chevron
- Fortuna Liquors
- Friesen Design Build
- Grocery Outlet
- Hummel Tire & Wheel
- Les Schwab Tire Center
- McDonald's
- Mercer Fraser
- O'Reilly Auto Parts
- Peterson Tractor
- Ray's Quality Cars
- Safeway
- Sequoia Gas
- Shell
- Sunbelt Rentals
- Tractor Supply
- Valley Pacific Petroleum Services
- Village Sport & Cycle
- Walgreens
- Wyckoff Plumbing



STATEWIDE RESULTS

California’s local one-cent sales and use tax receipts for January through March 2025 increased by 0.34% compared to the same quarter in 2024, after adjusting for accounting anomalies. While this modest growth may signal the end of an eight-quarter decline, it could be temporary, as the broader economy remains on the edge between recovery and further slowdown.

The first quarter is traditionally the lowest sales tax-generating period of the year, often influenced by seasonal weather and post-holiday consumer behavior.

Notably, the autos-transportation and building-construction sectors—both of which had been dragging down statewide results over the past two years—showed the strongest rebounds this quarter. In the autos sector, used car sales and leasing activity led the recovery. Consumers are increasingly opting for more affordable vehicles and shorter-term commitments, moving away from high-end purchases. In construction, pent-up demand for repairs and improvements, especially in weather-affected and wildfire-damaged areas like Southern California, drove strong sales for building material suppliers.

Other segments generating modest growth included business-industry and countywide use tax pools, largely due to continued strength in online sales. Sales of goods already in California before purchase are reported under business-industry fulfillment centers. Goods shipped from outside the state are reported under county pools, based on the destination of the out-of-state shipment. Online shopping remains a preferred option for value-conscious consumers, contributing significantly to tax receipts in these categories.

Calendar year 2024 saw a decline in fuel-

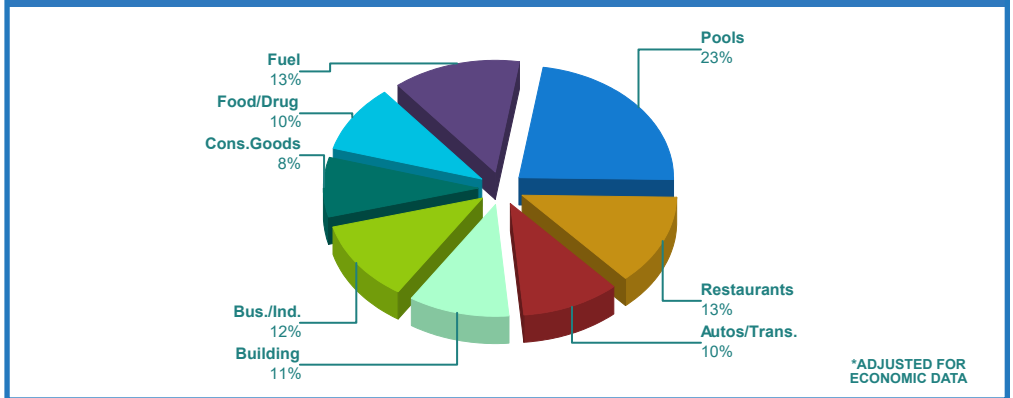
related tax receipts due to lower global crude oil prices—a trend that continued into 1Q 2025. Fuel-related returns dropped by 5%. This decline also affected general consumer goods, as large retailers that sell fuel typically report all sales under a single taxpayer ID. As a result, brick-and-mortar merchants such as post-holiday family apparel stores, winter sporting goods vendors and closures of variety stores contributed to weaker performance.

Although food-drugs is the smallest of the eight tax groupings, it was significant that cannabis returns continued a downturn trend that has been ongoing for over two years. Bankruptcies, customer shopping

alternatives and oversaturation of retail footprint diminished taxes coming from drug stores.

As 2025 begins, sales tax returns remain modest, reflecting broader economic volatility. Key factors influencing our outlook include: ongoing national tariff and trade negotiations and decisions on the federal funds rate - which directly affect consumer interest rates. Recent Middle East conflicts, which temporarily spiked crude oil prices and threatened local gas prices during the summer, will be a short-term concern. In summary, “uncertainty” remains the most accurate descriptor of California’s current and future economic climate.

REVENUE BY BUSINESS GROUP Fortuna This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Fortuna Business Type	Q1 '25	Change	County Change	HdL State Change
Service Stations	53,305	7.3% ↑	-1.0% ↓	-5.8% ↓
Casual Dining	38,496	0.4% ↑	-3.8% ↓	1.3% ↑
Automotive Supply Stores	26,753	-2.0% ↓	5.9% ↑	-0.4% ↓
Quick-Service Restaurants	21,995	-3.2% ↓	5.3% ↑	-0.9% ↓
Contractors	18,723	9.1% ↑	13.2% ↑	1.2% ↑
Auto Repair Shops	13,096	0.7% ↑	3.6% ↑	-4.9% ↓
Electronics/Appliance Stores	11,244	4.7% ↑	-0.1% ↓	-0.6% ↓
Convenience Stores/Liquor	9,011	-6.9% ↓	-5.8% ↓	-2.2% ↓
Second-Hand Stores	1,498	-29.0% ↓	-7.5% ↓	-3.8% ↓
Government/Social Org.	308	-15.0% ↓	-34.7% ↓	31.0% ↑

*Allocation aberrations have been adjusted to reflect sales activity