

CITY OF FORTUNA

SALES TAX UPDATE

2Q 2025 (APRIL - JUNE)



FORTUNA

TOTAL: \$ 551,343

-1.4%

2Q2025



-2.1%

COUNTY



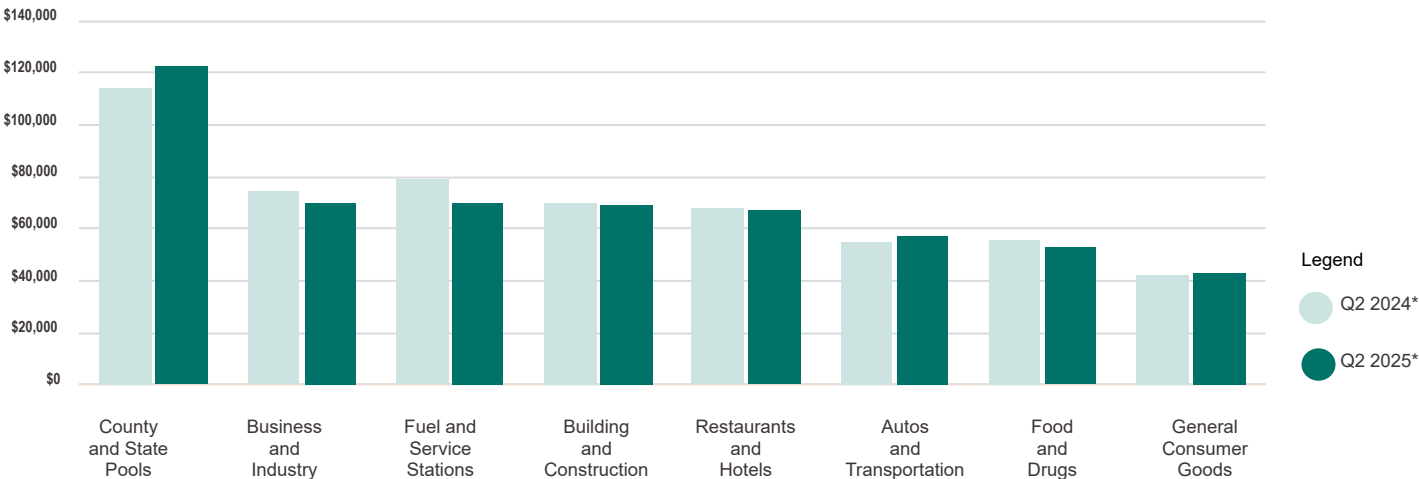
0.5%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure E

TOTAL: \$503,405

↑ 2.7%



CITY OF FORTUNA HIGHLIGHTS

Fortuna's gross receipts from May – June 2025 was flat compared to the second sales period in 2024. After adjusting for reporting modifications from audit adjustments and delayed payments, actual sales were 1.4% lower. 2025 sales tax returns remain modest, reflecting broader economic volatility.

The largest tax group of the quarter realized 7.3% growth as the City's allocation from the countywide use-tax pool jumped, largely due to a surge in ecommerce revenues. Autos-transportation related receipts edged higher. While results were varied across sectors, general retail improved slightly.

Conversely, business-industry

returns dropped 6.2% during the spring months. The fluctuating price of crude oil, and resulting lower gas prices, caused fuel-service station receipts to slide 12.2%. Contractor returns were positive, yet other building-construction returns pulled down results. All segments of the food-drugs group fell.

Voter-approved Measure E ended better, with some one-time use tax and a new taxpayer in the farm/construction equipment sector lifting overall outcomes and offsetting declines in auto purchases by locals.

Net of adjustments, taxable sales for all of Humboldt County declined 2.1% over the comparable time period; the Far North region was down 2.6%.



TOP 25 PRODUCERS

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



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

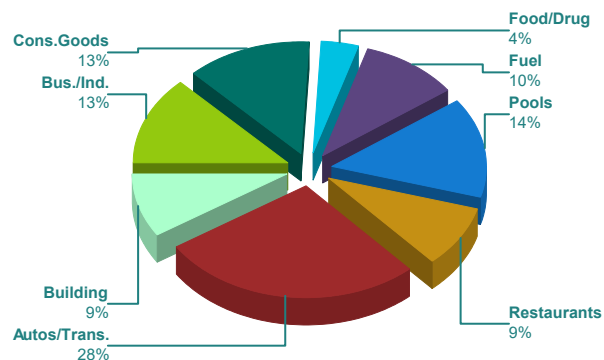
from fuel and service stations declined for the ninth time in ten quarters, primarily due to West Texas Intermediate (WTI) low crude oil prices. As the global economy and development remains tempered, so has the demand for oil, leaving prices relatively low. While this dampens sales taxes, lower fuel 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 Fontana This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Fortuna Business Type	Q2 '25	Change	County Change	HdL State Change
Service Stations	58,139	-14.2% ↓	-8.7% ↓	-9.4% ↓
Casual Dining	42,290	0.6% ↑	-3.5% ↓	1.4% ↑
Automotive Supply Stores	30,467	-1.1% ↓	-4.2% ↓	-3.5% ↓
Contractors	24,522	4.5% ↑	-3.4% ↓	-0.9% ↓
Quick-Service Restaurants	23,630	-2.8% ↓	1.8% ↑	-0.7% ↓
Auto Repair Shops	13,925	-0.1% ↓	-3.9% ↓	-8.9% ↓
Electronics/Appliance Stores	10,990	8.0% ↑	3.2% ↑	6.8% ↑
Second-Hand Stores	4,015	24.0% ↑	7.2% ↑	-0.4% ↓
Government/Social Org.	664	-1.4% ↓	-4.5% ↓	-18.1% ↓
Receivables/Master Outlets	357	-33.2% ↓	23.5% ↑	25.6% ↑

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