

CITY OF FORTUNA

SALES TAX UPDATE

4Q 2025 (OCTOBER - DECEMBER)



FORTUNA

TOTAL: \$ 557,364

1.3%
4Q2025



-1.7%
COUNTY

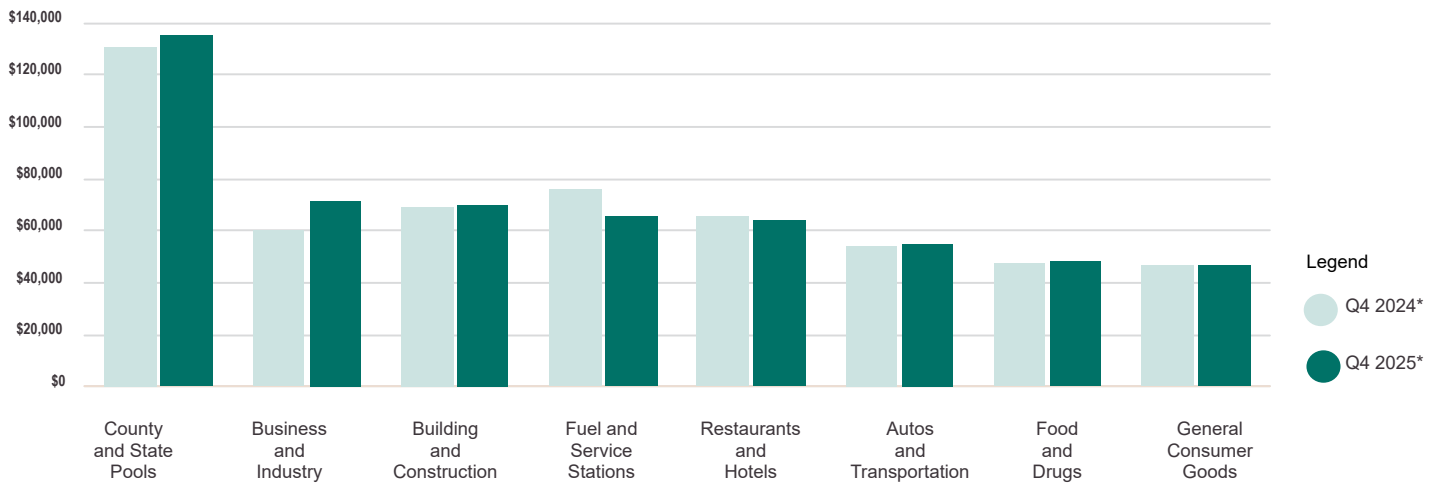


1.2%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure E

TOTAL: \$514,038

↑ 6.1%



CITY OF FORTUNA HIGHLIGHTS

Fortuna's receipts from October through December were flat compared to the fourth sales period in 2024. Excluding reporting aberrations, actual sales were up 1.3%.

State-county pools the City's largest income classification had modest results with an 3.3% return as several businesses categories in the City stayed positive. Furthermore, the business-industry group enjoyed outstanding profits from medical-biotech and computer-office equipment.

Building-construction earnings were optimistic, as contractors saw commercial investors acquiring materials before the impacts of tariffs drove up the cost of materials. In addition, the food-drug category showed encouraging proceeds from grocery stores.

Service stations felt shrinking profits as fuel prices declined for the eighth consecutive quarter. Likewise, the restaurant-hotel sector experienced meager gross receipts at quick-service dining as price conscience patrons dialed back the frequency of eating out due to higher menu prices.

The voter-approved Measure E had positive results of 6.1% primarily from the business-industry sector.

Net of aberrations, taxable sales for all of Humboldt County declined 1.7% over the comparable time period; the Far North region was down 0.5%.



TOP 25 PRODUCERS

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



STATEWIDE RESULTS

California's local one cent sales and use tax receipts posted moderate growth during the fourth quarter, reflecting resilient consumer behavior despite persistent economic headwinds. For the months of October through December, revenues increased 1.2% from the year ago quarter after adjusting for accounting anomalies. This performance capped an overall improvement for calendar year 2025 of 1.2%, marking a welcomed annual increase after two consecutive years of decline.

Consumer spending patterns during the holiday season played a central role in the fourth-quarter results. Fulfillment centers and countywide use tax pools generated strong returns, driven by sustained demand for online shopping as cost-conscious consumers prioritized convenience and price comparison. This e-commerce momentum persisted throughout the 2025 year. Traditional brick-and-mortar retailers, particularly apparel and jewelry stores, also realized modest seasonal gains, benefiting from holiday purchasing activity.

Restaurant sales taxes rose again, although operators reported continual pressure from rising costs that influenced customer behavior. Diners reduced visit frequency and alcohol purchases, reflecting heightened price sensitivity. While upcoming national and global sporting events in California could support localized growth, broader restaurant sector expansion is expected to remain constrained and concentrated primarily in tourism-heavy and event-focused regions.

Energy-related initiatives produced solid returns; however, revenue allocation mechanisms shifted, with proceeds previously reported directly to local agencies now distributed through county pools during the current period.

In contrast, the autos-transportation and building-construction sectors remained

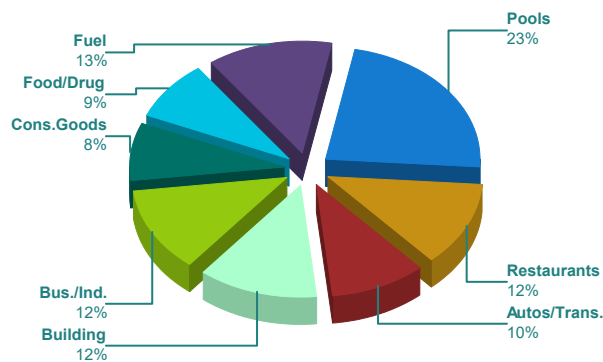
subdued. Elevated interest rates, seasonal purchasing patterns, and winter weather limited activity, particularly in high-value purchases such as vehicles and home improvement projects. Contractors in roofing and concrete experienced reduced productivity, reinforcing expectations of continued stagnation in these industries. With minimal interest rate relief projected for 2026, significant near-term recovery remains unlikely.

Looking ahead, emerging global risks present growing uncertainty. While not reflected in current results, escalating tensions in the Middle East have driven West Texas Intermediate crude oil prices above \$100 per barrel, translating into sharply higher gasoline prices exceeding \$6 per gallon locally. Refinery

closures across Northern and Southern California further amplify supply pressures. Prolonged energy price volatility could force consumers to redirect spending toward fuel costs, reducing discretionary expenditures in other sectors.

Prior to these developments, short-term economic expectations were cautiously optimistic. However, renewed inflationary pressure has led the Federal Reserve to delay anticipated interest rate reductions, limiting consumer flexibility. Stubbornly high fuel prices may also dampen travel and tourism through summer, leaving little room for broad-based sales tax growth in the year.

REVENUE BY BUSINESS GROUP Fortuna This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Fortuna Business Type	Q4 '25	Change	County Change	HdL State Change
Service Stations	58,936	-10.9% ↓	-8.3% ↓	-2.2% ↓
Casual Dining	37,727	-1.1% ↓	-3.1% ↓	2.4% ↑
Contractors	33,372	10.8% ↑	-3.9% ↓	-0.8% ↓
Grocery Stores	30,163	6.2% ↑	-1.8% ↓	0.7% ↑
Automotive Supply Stores	29,112	-2.0% ↓	2.0% ↑	-2.3% ↓
Quick-Service Restaurants	23,528	-6.1% ↓	-1.1% ↓	0.1% ↑
Auto Repair Shops	14,156	-1.2% ↓	1.5% ↑	-1.4% ↓
Electronics/Appliance Stores	13,015	-1.5% ↓	5.4% ↑	-3.6% ↓
Second-Hand Stores	3,517	-13.9% ↓	-1.6% ↓	-2.1% ↓
Jewelry Stores	757	31.3% ↑	37.6% ↑	5.7% ↑

*Allocation aberrations have been adjusted to reflect sales activity