

CITY OF FORTUNA

SALES TAX UPDATE

1Q 2026 (JANUARY - MARCH)



FORTUNA

TOTAL: \$ 477,348

0.5%
1Q2026



-1.1%
COUNTY

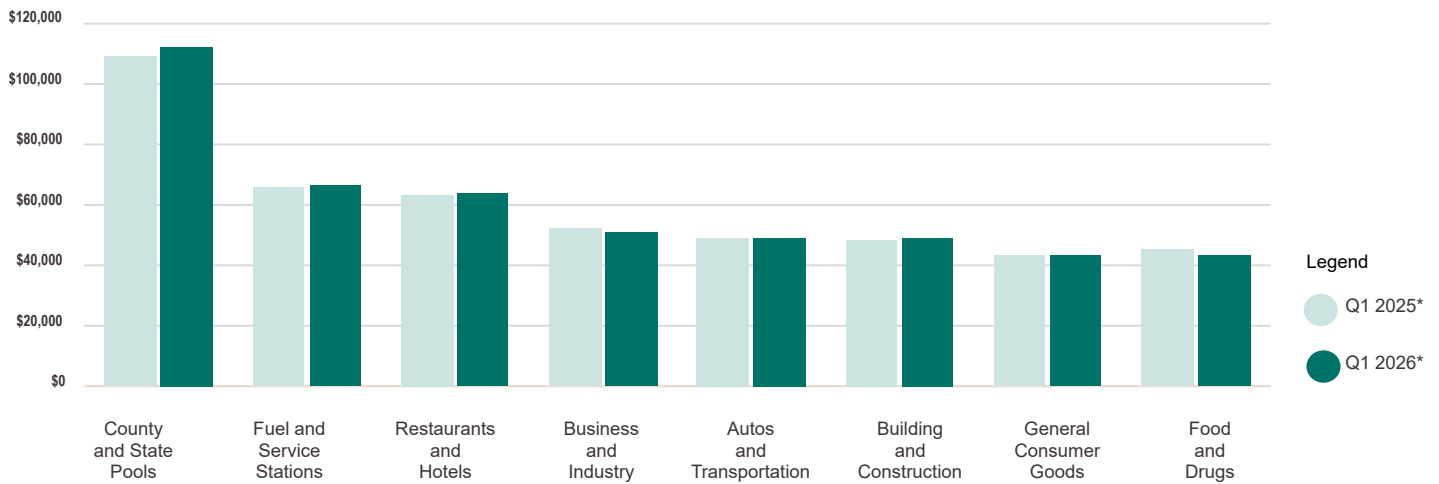


4.0%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure E

TOTAL: \$428,514

↓ -1.1%



CITY OF FORTUNA HIGHLIGHTS

Fortuna's gross receipts from January through March 2026 were essentially 2.6% lower compared to the first sales period in 2025. However, after adjusting for reporting modifications from audit corrections and delayed payments, actual sales landed essentially even at 0.5%.

The City's allocation from the countywide use tax pool ticked up 2.8%, aided by a new ecommerce distribution and several one-time taxpayer payments to the Humboldt pool.

Fuel-service stations returns improved 1.6% as the price of fuel began climbing toward the end of the quarter. Increased casual dining receipts helped offset lower quick-service returns – netting a positive outcome for restaurants-hotels.

Transportation related spending ended

relatively even with auto repair shop gains overcoming a slight dip in auto supply sales. General retail outcomes were also flat, with second-hand store shopping help lift the results. While contractor activity slowed a bit, building-construction revenues grew slightly.

Conversely, business-industry dipped 2.4% and lower grocery store revenues contributed to a 4.8% decline in food-drugs.

Voter-approved Measure E posted slightly lower results, with ecommerce boosting general retail and fuel-service stations experiencing the largest decline.

Net of adjustments, taxable sales for all of Humboldt County declined 1.1% over the comparable time period; the Far North region was up 1.4%.



TOP 25 PRODUCERS

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



STATEWIDE RESULTS

California's local one cent sales and use tax receipts posted moderate growth during the first quarter, reflecting resilient consumer behavior despite persistent economic headwinds. For the months of January through March, revenues increased 4% from the year ago quarter after adjusting for accounting anomalies.

Strong consumer spending patterns did not falter and was the main reason of growth, partially enhanced by larger-than-expected income tax refunds. Both online retailers and brick and mortar merchants experienced dynamic changes over last year that far exceed expectations. E-commerce remains the platform of choice providing convenience, broad product availability, and flexible payment options – benefitting the business-industry sector and allocations via the countywide use tax pool. Family apparel and discount department stores both boosted general consumer goods the most, with a slight bump in gas prices further pushing returns from multiple vendors.

Patronage at restaurants resulted in a 4.2% year over year jump. With demand constrained due to increasing price-sensitivity and slower foot traffic, gains by all types of eateries signaled underlying resolve to dine out. Temporary events further contributed to the positive outcome – Southern California wildfires hindered 2025 and the Super Bowl lifting 2026.

The first quarter also included the initial impacts of elevated tensions in the Middle East which drove West Texas Intermediate crude oil prices above \$95 per barrel. This had an immediate impact on local gas prices resulting in a modest bump to receipts from gas stations and created large amounts of uncertainty. At

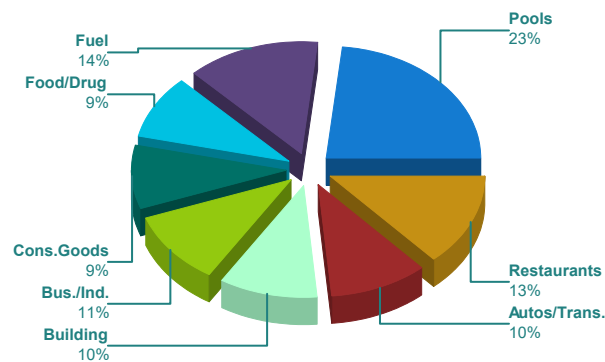
the time of writing, the conflict appears to have subsided with the Strait of Hormuz reopened reducing the possibility of future strain.

Autos-transportation posted a nominal gain in first quarter 2026, as higher average transaction prices offset weaker unit sales. These price increases reflected tariff impacts reaching consumers after months of absorption by automakers, along with rising material costs. As in the prior quarter, the transition to the new DMV payment system for used vehicle dealers under AB 85 modestly reduced cash receipts, with adjustments still pending.

Overall, the short-term outlook remains

cautiously optimistic. Normal consumer spending combined with multiple host sites of World Cup matches and corresponding tourism should sustain growth, albeit varied regionally. The Middle East conflict temporarily resulted in \$6 per gallon average peak pricing during the start of the summer months. The forecast is coupled with a national inflation rate that anticipates an upward trend leaving little room for the Federal Reserve to alter interest rates in a favorable way for consumers, potentially slowing down the retail economy.

REVENUE BY BUSINESS GROUP Fortuna This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Fortuna Business Type	Q1 '26	Change	County Change	HdL State Change
Service Stations	57,358	0.6% ↑	-5.0% ↓	1.0% ↑
Casual Dining	34,510	1.7% ↑	-0.7% ↓	4.0% ↑
Grocery Stores	27,087	-2.5% ↓	-3.7% ↓	-1.0% ↓
Automotive Supply Stores	26,667	-0.4% ↓	4.0% ↑	1.5% ↑
Quick-Service Restaurants	22,970	-1.4% ↓	0.4% ↑	1.9% ↑
Contractors	17,266	-0.5% ↓	-6.7% ↓	4.3% ↑
Auto Repair Shops	13,781	2.6% ↑	-4.6% ↓	-2.3% ↓
Electronics/Appliance Stores	11,151	-0.8% ↓	-21.0% ↓	-1.4% ↓
Second-Hand Stores	4,674	30.5% ↑	4.6% ↑	-3.7% ↓
Government/Social Org.	444	42.9% ↑	7.3% ↑	-25.0% ↓

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