

MENDOCINO COUNTY UNINC.

SALES TAX UPDATE

2Q 2025 (APRIL - JUNE)



MENDOCINO COUNTY

TOTAL: \$ 1,849,231

-7.2%
COUNTY UNINC.



-2.6%
COUNTY

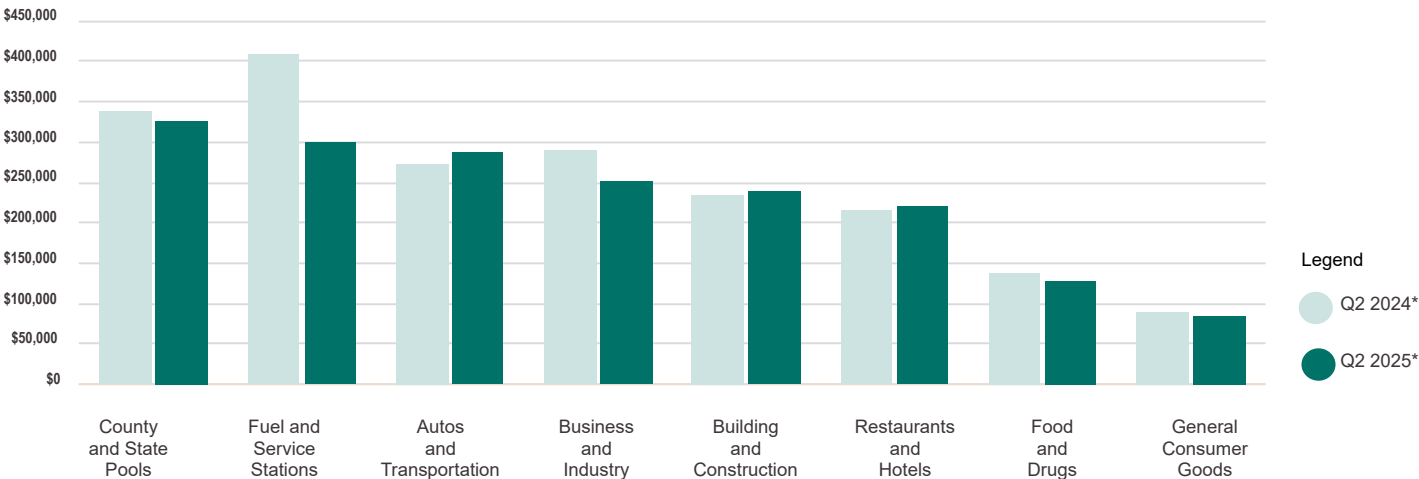


0.5%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



MENDOCINO COUNTY UNINC. HIGHLIGHTS

The unincorporated county's gross receipts from April through June 2025 were down 6% compared to the second sales period in 2024. After adjusting for reporting modifications from audit adjustments and delayed payments, actual sales were 7.2% lower. 2025 sales tax returns remain modest, reflecting broader economic volatility.

Autos-transportation related spending during the spring months improved 5.5%, boosted in part by auto repair shop purchases. Increased contractor activity helped offset reductions in building materials and plumbing/electrical supplies – pushing building-construction results into positive territory.

Consumers preferred quick-service over casual dining as they looked for value, and visitors enjoyed staying at hotels-motels in the area – all contributing to improved restaurants-hotels results.

Conversely, the fluctuating price of crude oil and comparison to very high taxpayer payment a year ago tanked fuel-service station returns by almost 27%.

Reduced garden/agricultural supply receipts and the continued decline in the winery industry contributed to a 13.5% fall in business-industry. All sectors of the food-drug group contracted – ending down 7.4% compared to a year ago.

As the largest tax group, the County's allocation from the countywide use-tax pool reduced by 3.1% as the unincorporated area's share decreased. General retail revenues also shrank, indicative consumers pulled back on spending.

Net of adjustments, taxable sales for all of Mendocino County declined 2.6% over the comparable time period; the Far North region was down 2.5%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|---------------------|
| Acme Rigging Co | Red Coast Fuels |
| Big Daddy Garden Supply | Chevron |
| Bray Trucking | Redwood Market |
| California Shingle & Shake Co | Shell |
| Chevron | Sinclair |
| Granite Construction | Thurston Auto Plaza |
| Harvest At Mendosa | Chevrolet Toyota |
| In N Out Burger | Thurston Chrysler |
| Mendo Mill & Lumber Company | Dodge Jeep Ram |
| Motion Industries | Thurston Honda |
| Nor Cal Gasoline | USA Gas |
| Motorsports of Ukiah | |
| Norcal Recycled Rock & Aggregate | |
| Northern Aggregates | |
| Pace Supply | |
| Peterson Tractor Co | |
| Raley's | |



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.

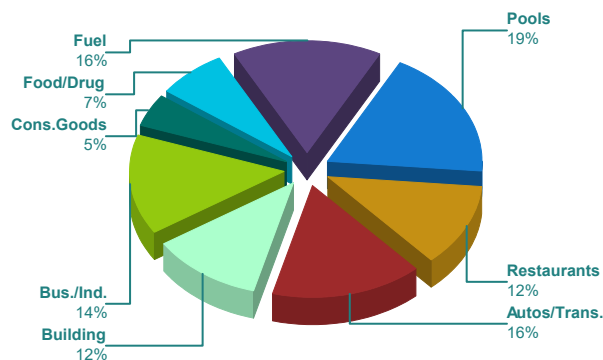
Traditional retailers saw a 1% decline, with specialty, sporting goods, and department stores underperforming compared to year ago totals. Inflation and tariffs continue to pressure consumer spending and retailer margins, prompting reevaluation of physical

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

Mendocino Co. Uninc This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q2 '25*	Change	County Change	HdL State Change
Service Stations	220.7	-6.9% ↓	-10.6% ↓	-9.4% ↓
Contractors	111.9	13.4% ↑	12.5% ↑	-0.7% ↓
Grocery Stores	94.1	-4.8% ↓	3.7% ↑	-0.2% ↓
Casual Dining	75.5	-3.5% ↓	-3.7% ↓	1.4% ↑
Plumbing/Electrical Supplies	60.6	-8.3% ↓	-7.1% ↓	1.4% ↑
Garden/Agricultural Supplies	60.3	-35.2% ↓	-22.2% ↓	-8.3% ↓
Building Materials	60.1	-5.3% ↓	22.2% ↑	-0.9% ↓
Quick-Service Restaurants	51.5	1.1% ↑	-1.1% ↓	-0.7% ↓
Hotels/Motels	50.1	4.4% ↑	5.2% ↑	5.3% ↑
Wineries	47.4	-15.0% ↓	-15.0% ↓	36.6% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars