MENDOCINO COUNTY UNINC.
SALES TAX UPDATE
3Q 2025 (JULY - SEPTEMBER)

MENDOCINO COUNTY	2.2%	2.5%	1.9%
TOTAL: $ 1,986,121	COUNTY UNINC. ↑	COUNTY ↑	STATE ↑

MENDOCINO COUNTY UNINCORPORATED HIGHLIGHTS

The unincorporated area's gross receipts from July – September 2025 were up 6.8% compared to the third sales period in 2024. However, after adjusting for reporting modifications from audit adjustments and delayed payments, actual sales landed 2.2% higher.

The largest quarterly gain was the County's allocation from the countywide use tax pool, which skyrocketed 22.3%. This growth was driven by a couple one-time taxpayer payments that are currently under audit review.

While outcomes varied across sectors, autos-transportation netted up 3.8%. Restaurants-hotels edged a little higher, even with casual dining and hotels-motels slipping below last year's receipts.

Conversely, the fluctuating price of crude oil directly affected fuel-service station receipts – with revenues falling 3.9% for the fifth consecutive quarter.

Although contractor activity improved, lower building materials and plumbing/electrical equipment sales pulled down building-construction returns. This 5.4% decline was somewhat skewed lower by a building-materials taxpayer that likely misallocated funds to another jurisdiction for the quarter (a future correction is anticipated).

Gains in garden/agricultural supplies were not enough to offset losses in other business-industry sectors. Decreased cannabis, grocery, and convenience/liquor store sales contributed to a 6.1% drop in food-drugs. General retail spending also slumped during the summer months.

Net of adjustments, taxable sales for all of Mendocino County grew 2.5% over the comparable time period; the Far North region was down 0.4%.

TOP 25 PRODUCERS

- Acme Rigging Co
- Bray Trucking
- Chevron
- Defatte Equipment
- Denbeste Material Supply
- Granite Construction
- Gualala Supermarket
- Harbor Freight Tools
- Harvest At Mendosa
- In N Out Burger
- Mendo Mill & Lumber Company
- Nor Cal Gasoline
- Norcal Recycled Rock & Aggregate
- Northern Aggregates
- Pace Supply
- Peterson Tractor Co
- Raley's
- Red Coast Fuels Chevron
- Redwood Market
- Shell
- Sinclair
- Thurston Auto Plaza Chevrolet Toyota
- Thurston Chrysler Dodge Jeep Ram
- Thurston Honda
- USA Gas

STATEWIDE RESULTS

California's local one-cent sales and use tax receipts for July through September were 1.9% higher than the same quarter last year, after adjusting for accounting anomalies. While growth appears modest, calendar year 2025 remains on pace to rebound following two years of declines. Combined with second-quarter activity, the summer period posted a 1% improvement over the 2024 season.

Sustained consumer trends reflected a willingness to spend while remaining cost-conscious and prioritizing value. Online retailers, reporting to both business-industry and countywide use tax pools (depending on inventory location at purchase), recorded the strongest gains. This momentum extended to brick-and-mortar retailers, which also posted modest improvements. Seasonal "back-to-school" activity boosted men's and family apparel along with shoe stores, lifting the General Goods sector and enhancing expectations for the upcoming holiday shopping period.

Tax receipts from restaurants edged higher, supported by households' continued desire to eat out. Despite balancing higher menu prices, tip fatigue, and tighter margins, casual dining establishments generated the largest gains. Overall, summer performance appeared stable but lacked the tourism surge many had hoped for.

Offsetting positive results was a decline in revenue from fuel-service stations—marking the 10th out of the last 11 quarters with negative year-over-year change. This trend is largely tied to West Texas Intermediate (WTI) crude oil prices, which hit their lowest monthly levels since 2021. While lower gas prices may encourage spending in other categories, potential oil refinery closures in the coming year could keep per-gallon prices elevated.

The food and drug sector continued its downward trend as grocers remitted fewer taxes, reflecting the challenge of generating taxable revenue amid rising food prices. Drug store filings have declined throughout the year, driven partly by increased access to medications through e-commerce platforms and a contraction in physical store footprints due to over-saturation and chain bankruptcies.

Two sectors poised to benefit from lower short-term interest rates—autos-transportation and building-construction—repeated a pattern of lackluster returns. A minor uptick came from new auto sales and leasing, while building material suppliers struggled during the summer, likely creating pent-up demand for repairs and improvements ahead.

With the Federal Reserve considering additional rate changes in early 2026, optimism for improved consumer financing conditions and stronger sales tax receipts remains. As national tariff and trade talks ease, inflationary pressures will continue to shape spending behavior. For now, calendar year 2025 closes with sluggish but stable performance, awaiting broader economic shifts.

REVENUE BY BUSINESS GROUP

Mendocino Co. Uninc This Quarter*

*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q3 '25*	Change	County Change	HdL State Change
Service Stations	220.3	-11.3% ↓	-15.4% ↓	-5.0% ↓
Contractors	123.6	6.5% ↑	3.7% ↑	-0.2% ↓
Grocery Stores	104.6	-3.6% ↓	3.2% ↑	-2.0% ↓
Casual Dining	86.5	-1.1% ↓	-4.8% ↓	2.0% ↑
Garden/Agricultural Supplies	66.6	4.5% ↑	-1.9% ↓	-0.8% ↓
Plumbing/Electrical Supplies	63.5	-8.2% ↓	-7.9% ↓	-0.5% ↓
Hotels/Motels	60.0	-3.4% ↓	-1.8% ↓	3.3% ↑
Quick-Service Restaurants	57.8	-1.8% ↓	-0.1% ↓	-1.1% ↓
Building Materials	47.0	-31.6% ↓	-5.3% ↓	-2.4% ↓
Wineries	45.8	-2.2% ↓	-2.6% ↓	-3.4% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars