

# CITY OF SEAL BEACH

## SALES TAX UPDATE

### 4Q 2025 (OCTOBER - DECEMBER)



#### SEAL BEACH

TOTAL: \$ 1,298,492

-12.0%

4Q2025



1.1%

COUNTY



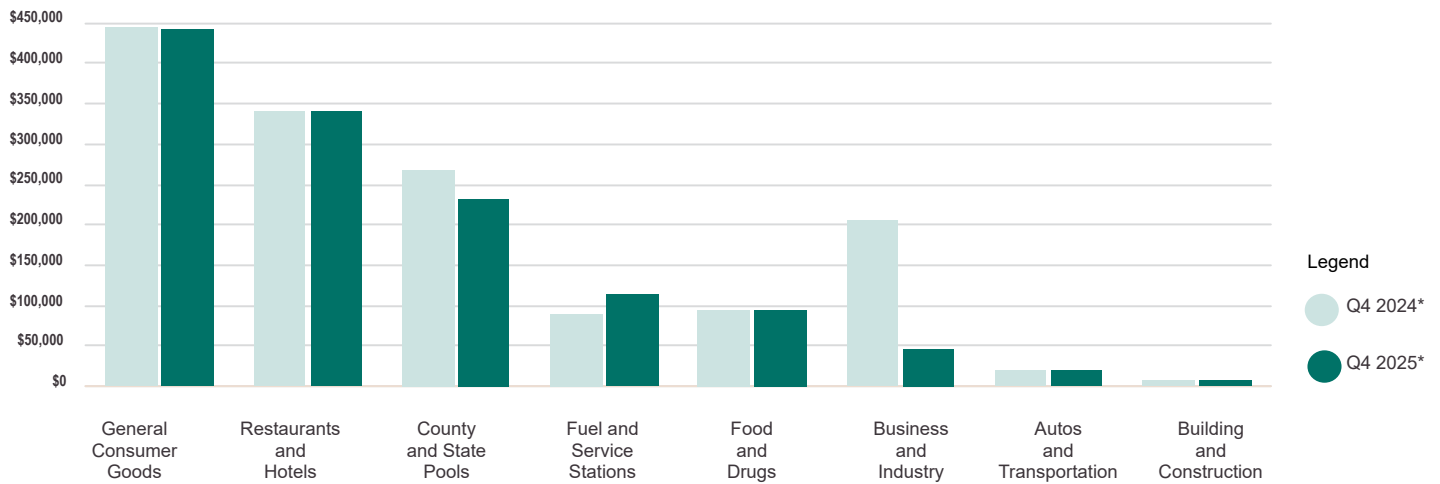
1.2%

STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure GG

TOTAL: \$2,530,110



#### CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from October through December were 18.6% below the fourth sales period in 2024. Excluding reporting aberrations, actual sales were down 12.0%.

Revenue from the business-industry sector declined as buyers acted more deliberately, delaying purchases, reducing inventory levels, and seeking higher-level approvals to navigate economic uncertainty.

General consumer goods showed some continued spending at the 2025 year-end, it was noted as "tepid" or "lukewarm" compared to the high growth rates of previous years.

Overall, food-drug retailers faced pressure from pharmacy closures resulting in a slight decrease in totals compared to the year-ago period.

New business additions provided a boost in receipts for the fuel-service station category. The restaurant-hotel category came up flat as the U.S. restaurant industry faced significant challenges, characterized by slowing sales growth, declining traffic, and reduced consumer discretionary spending due to inflation.

Both auto-transportation and building-construction showed modest growth as consumers dial back spending.



#### TOP 25 PRODUCERS

- Boeing
- Burlington
- Chevron
- Chick Fil A
- Crate Barrel Outlet
- CVS Pharmacy
- G&M
- Hofs Hut
- Home Goods
- In N Out Burger
- Kobe Japanese Steakhouse
- Kohls
- Marshalls
- Mobil
- Old Ranch Country Club
- Original Parts Group
- Pavilions
- Petsmart
- Pioneer Fuel
- Ralphs
- Roger Dunn Golf Shops
- Spaghetini
- Target
- Ulta Beauty
- Walts Wharf



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

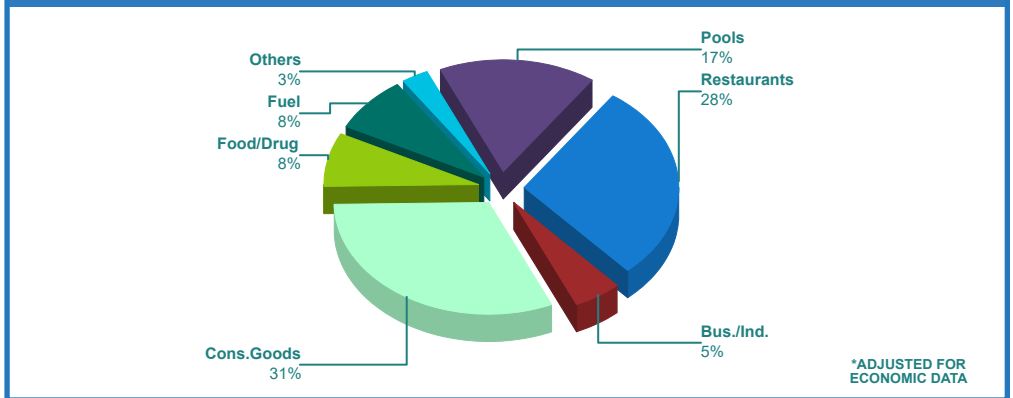
subdued. Elevated interest rates, seasonal purchasing patterns, and winter weather limited activity, particularly in high-value purchases such as vehicles and home improvement projects. Contractors in roofing and concrete experienced reduced productivity, reinforcing expectations of continued stagnation 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 2026, leaving little room for broad-based sales tax growth in the 2026 year.

REVENUE BY BUSINESS GROUP  
Seal Beach This Calendar Year\*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q4 '25*	Change	County Change	HdL State Change
Casual Dining	184.8	2.9% ↑	0.2% ↑	2.5% ↑
Service Stations	105.1	18.0% ↑	-1.5% ↓	-2.2% ↓
Family Apparel	88.4	12.9% ↑	5.1% ↑	6.4% ↑
Quick-Service Restaurants	77.5	-2.0% ↓	-0.9% ↓	0.0% ↑
Home Furnishings	71.5	11.5% ↑	0.7% ↑	1.9% ↑
Specialty Stores	35.8	-7.3% ↓	-2.5% ↓	-1.5% ↓
Sporting Goods/Bike Stores	28.7	-5.7% ↓	-3.1% ↓	-0.8% ↓
Fast-Casual Restaurants	26.3	-5.2% ↓	-1.2% ↓	0.3% ↑
Women's Apparel	20.6	-3.4% ↓	4.6% ↑	2.3% ↑
Electronics/Appliance Stores	19.0	-12.6% ↓	-5.0% ↓	-3.5% ↓

\*Allocation aberrations have been adjusted to reflect sales activity      \*In thousands of dollars