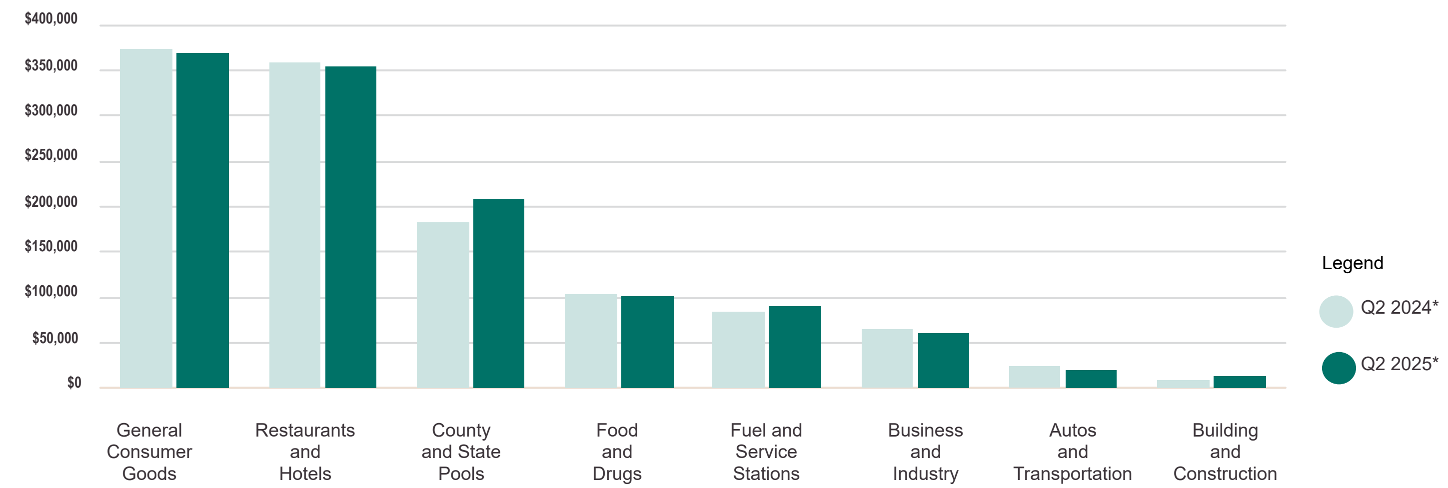
CITY OF SEAL BEACH
SALES TAX UPDATE
2Q 2025 (APRIL - JUNE)

SEAL BEACH	1.3%	0.3%	0.5%
TOTAL: $ 1,216,719	2Q2025 ↑	COUNTY ↑	STATE ↑

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

SALES TAX BY MAJOR BUSINESS GROUP



Measure GG
TOTAL: $2,247,421 →

CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from April through June were 9.2% above the second sales period in 2024. Excluding reporting aberrations, actual sales were up 1.3%.

General consumer goods reported a sluggish sales quarter as consumer spending shifts focus to services and value. Consumer demand, in terms of dining out, was characterized by a shift towards savings. Diners are trading down from casual and fine dining to more affordable options like quick service and grocery stores.

Retail store closures had a negative impact on totals from the food-drug sector.

The business-industry group felt the lingering impact of tariffs which increased costs for many businesses, contributing to a slight economic slowdown in underlying demand indicators.

Fuel-service stations reported a modest increase, despite lower prices at the pump. A new business addition boosted totals from building-construction.

The City's share of the countywide use tax pool increased 14.1% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Orange County grew 0.3% over the comparable time-period; the Southern California region was flat.

TOP 25 PRODUCERS

- Beach House At The River
- Boeing
- Burlington
- California Pizza Kitchen
- Chevron
- Chick Fil A
- Crate Barrel Outlet
- CVS Pharmacy
- G&M
- Hofs Hut Restaurant & Bakery
- Home Goods
- In N Out Burger
- Kobe Japanese Steakhouse
- Kohls
- Marshalls
- Mobil
- Old Ranch Country Club
- Original Parts Group
- Pavilions
- Petsmart
- Ralphs
- Roger Dunn Golf Shops
- Spaghettini
- Target
- Ulta Beauty

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.

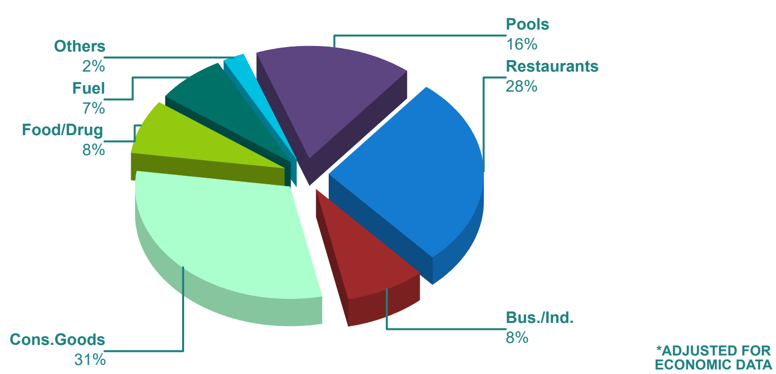
Balancing the positive results, revenue from fuel and service stations declined for the ninth time in ten quarters, primarily due to West Texas Intermediate (WTI) low crude oil prices. As the global economy and development remains tempered, so has the demand for oil, leaving prices relatively low. While 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 under performing 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

Seal Beach This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q2 '25*	Change	County Change	HdL State Change
Casual Dining	193.3	-0.5%	1.4%	1.4%
Service Stations	88.3	4.6%	-9.5%	-9.4%
Quick-Service Restaurants	81.9	2.1%	-0.4%	-0.7%
Family Apparel	62.2	6.1%	2.8%	1.4%
Home Furnishings	60.8	6.9%	0.8%	1.5%
Specialty Stores	33.9	-2.1%	-3.4%	-3.4%
Sporting Goods/Bike Stores	32.3	-7.5%	-9.8%	-7.5%
Fast-Casual Restaurants	26.6	-15.2%	-1.5%	-1.6%
Women's Apparel	20.1	-12.6%	5.8%	-1.2%
Electronics/Appliance Stores	16.7	13.4%	10.0%	6.9%

Allocation aberrations have been adjusted to reflect sales activity

In thousands of dollars