

CITY OF SEAL BEACH

SALES TAX UPDATE

1Q 2025 (JANUARY - MARCH)



SEAL BEACH

TOTAL: \$ 1,115,041

-5.8%

1Q2025



1.0%

COUNTY



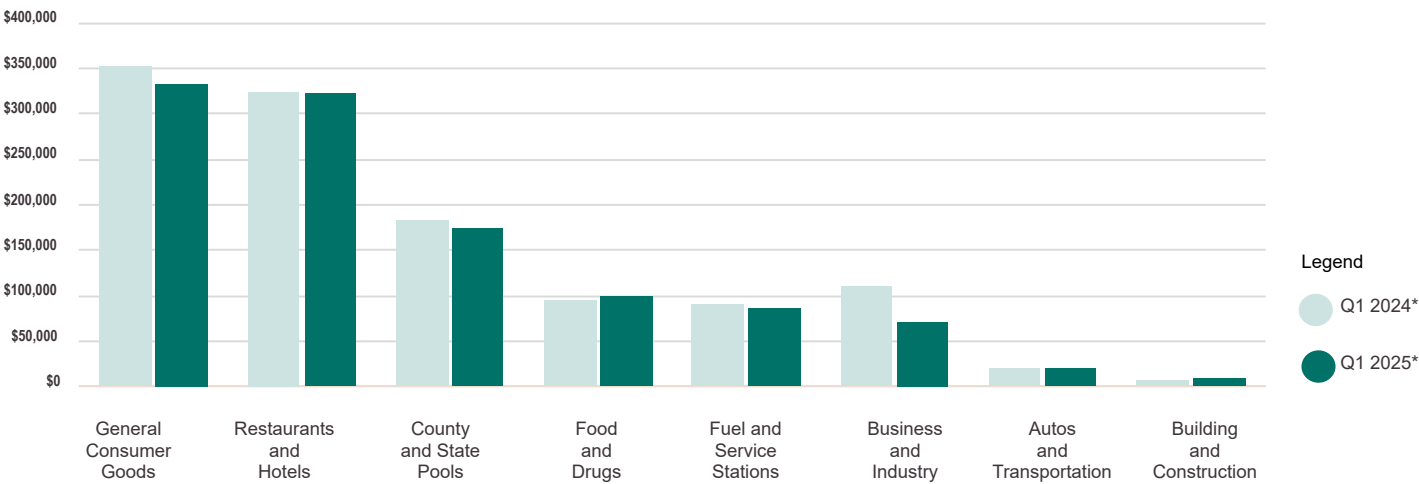
0.3%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure BB

TOTAL: \$1,491,010

↓ -0.7%



CITY OF SEAL BEACH HIGHLIGHTS

Seal Beach's receipts from January through March were 9.2% below the first sales period in 2024. Excluding reporting aberrations, actual sales were down 5.8%.

Global instability and uncertainty with national policy relating to tariffs on taxable goods all influence consumer behavior through 2025. Fiscal Year 2024-2025 is anticipated to end with lower results than the previous fiscal year, and a modest recovery is expected to begin in Fiscal Year 2025-2026.

The City experienced the largest decline from business-industry. Returns from women's apparel, service stations, fast casual restaurants, autos-transportation,

and the state and county pools were also down.

On the positive side, receipts from office supplies/furniture, casual dining, quick service restaurants, convenience stores, and building-construction increased and combined to offset the overall net quarterly loss.

The City's Transaction and Use Tax Measure BB generated 134.8% of the Bradley Burns amount, led by the strongest percentage ratio from the autos-transportation sector.

Net of aberrations, taxable sales for all of Orange County grew 1.0% over the comparable time period; the Southern California region was flat.



TOP 25 PRODUCERS

76	Office Renovation
California Pizza Kitchen	Old Ranch Country Club
Chevron	Original Parts Group
Chick Fil A	Pavilions
Crate Barrel Outlet	Petsmart
CVS Pharmacy	Ralphs
EVLO Energy Storage	Roger Dunn Golf Shops
Hofs Hut Restaurant & Bakery	Spaghettini
Home Goods	Target
In N Out Burger	TYR Sport
Kobe Japanese Steakhouse	Ultra Beauty
Kohls	
Marshalls	
Mobil	



STATEWIDE RESULTS

California's local one-cent sales and use tax receipts for January through March 2025 increased by 0.34% compared to the same quarter in 2024, after adjusting for accounting anomalies. While this modest growth may signal the end of an eight-quarter decline, it could be temporary, as the broader economy remains on the edge between recovery and further slowdown.

The first quarter is traditionally the lowest sales tax-generating period of the year, often influenced by seasonal weather and post-holiday consumer behavior.

Notably, the autos-transportation and building-construction sectors—both of which had been dragging down statewide results over the past two years—showed the strongest rebounds this quarter. In the autos sector, used car sales and leasing activity led the recovery. Consumers are increasingly opting for more affordable vehicles and shorter-term commitments, moving away from high-end purchases. In construction, pent-up demand for repairs and improvements, especially in weather-affected and wildfire-damaged areas like Southern California, drove strong sales for building material suppliers.

Other segments generating modest growth included business-industry and countywide use tax pools, largely due to continued strength in online sales. Sales of goods already in California before purchase are reported under business-industry fulfillment centers. Goods shipped from outside the state are reported under county pools, based on the destination of the out-of-state shipment. Online shopping remains a preferred option for value-conscious consumers, contributing significantly to tax receipts in these categories.

Calendar year 2024 saw a decline in fuel-

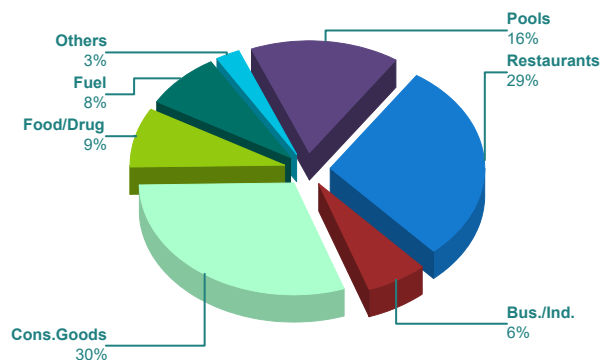
related tax receipts due to lower global crude oil prices—a trend that continued into 1Q 2025. Fuel-related returns dropped by 5%. This decline also affected general consumer goods, as large retailers that sell fuel typically report all sales under a single taxpayer ID. As a result, brick-and-mortar merchants such as post-holiday family apparel stores, winter sporting goods vendors and closures of variety stores contributed to weaker performance.

Although food-drugs is the smallest of the eight tax groupings, it was significant that cannabis returns continued a downturn trend that has been ongoing for over two years. Bankruptcies, customer shopping

alternatives and oversaturation of retail footprint diminished taxes coming from drug stores.

As 2025 begins, sales tax returns remain modest, reflecting broader economic volatility. Key factors influencing our outlook include: ongoing national tariff and trade negotiations and decisions on the federal funds rate - which directly affect consumer interest rates. Recent Middle East conflicts, which temporarily spiked crude oil prices and threatened local gas prices during the summer, will be a short-term concern. In summary, "uncertainty" remains the most accurate descriptor of California's current and future economic climate.

REVENUE BY BUSINESS GROUP Seal Beach This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Seal Beach Business Type	Q1 '25	Change	County Change	HdL State Change
Casual Dining	177,491	1.0% ↑	1.2% ↑	1.3% ↑
Service Stations	87,218	-1.3% ↓	-6.0% ↓	-5.8% ↓
Quick-Service Restaurants	74,586	1.2% ↑	-0.3% ↓	-0.9% ↓
Home Furnishings	57,347	-2.7% ↓	-3.8% ↓	0.6% ↑
Family Apparel	52,337	0.4% ↑	0.2% ↑	-3.2% ↓
Specialty Stores	33,986	-0.5% ↓	1.3% ↑	-0.6% ↓
Fast-Casual Restaurants	27,020	-7.8% ↓	0.1% ↑	-0.3% ↓
Sporting Goods/Bike Stores	25,837	-3.7% ↓	-5.4% ↓	-5.8% ↓
Convenience Stores/Liquor	17,984	108.7% ↑	-0.8% ↓	-2.2% ↓
Women's Apparel	16,796	-21.9% ↓	-3.5% ↓	-3.4% ↓

*Allocation aberrations have been adjusted to reflect sales activity