

CITY OF TUSTIN

SALES TAX UPDATE

1Q 2025 (JANUARY - MARCH)



TUSTIN

TOTAL: \$ 8,866,412

7.5%
1Q2025



1.0%
COUNTY

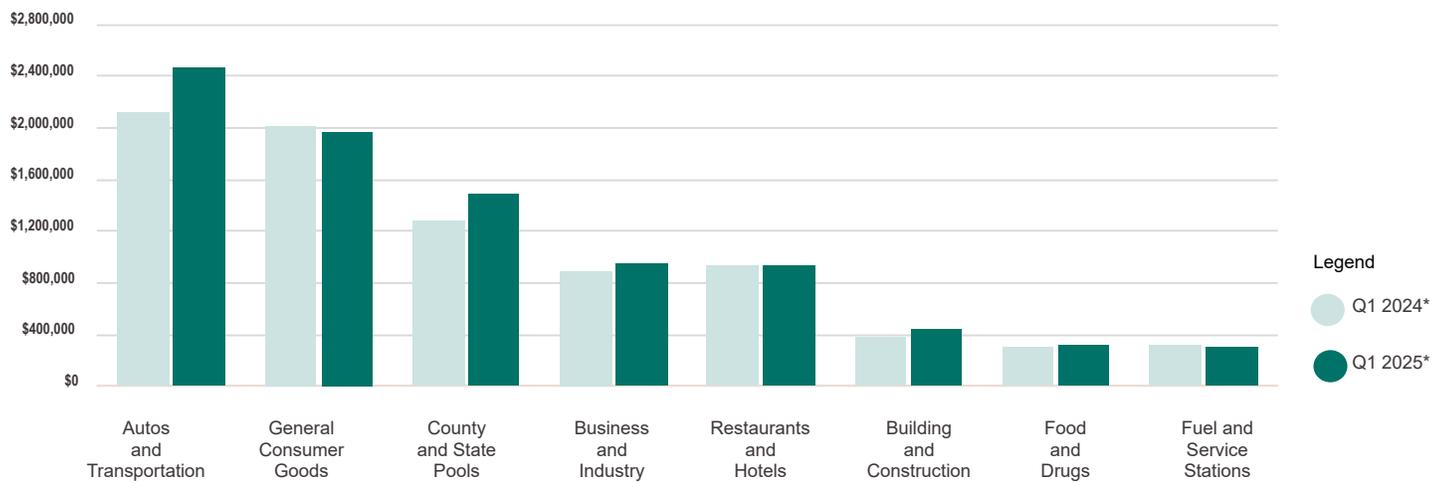


0.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF TUSTIN HIGHLIGHTS

Tustin's receipts from January through March were 10.9% above the first sales period in 2024. Excluding reporting aberrations, actual sales were up 7.5%.

Tariffs continue to be a topic of discussion but have not yet had a strong impact on price increases. The economy is showing mixed signals. Inflation though still elevated, has cooled, but is still a concern as food and fuel prices remain high. Consumer sentiment and job growth suggest continued expansion, but at a slower pace. World events are also beginning to be of concern to the consumers.

Autos-transportation continued its strong rebound which led to the overall quarterly increase with a 15.9% change over the prior year. The new car sales and auto leasing were the primary winners. Business-industry showed marked improvement from the previous

quarter with help from office supplies, medical/biotech, and business services, all posting strong results in the uncertain economy.

General consumer goods were down for the third quarter in a row as multiple sub-sectors experienced the impact of consumers retreating on non-essential purchases, while looking for value purchases. Fuel-service stations fell 4.0% as crude oil pricing remained volatile on the international market.

The City's share of the countywide use-tax pool increased 15.9% when compared to the same period in the prior year.

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

Alternative Retail
AutoNation Ford
AutoNation Infiniti
Best Buy
Costco
Home Depot
In N Out Burger
Lowe's
Micro Center
Musco Sports Lighting
Nissan Of Tustin
REI
Rivian Automotive
Sierra Forest Products
Target
TJ Maxx
Toshiba America
Medical System
Toyota Lease Trust
Tustin Acura

Tustin Buick Gmc
Tustin Cadillac
Tustin Chrysler Jeep
Dodge
Tustin Hyundai/Mazda
Tustin Lexus
Tustin Toyota



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-

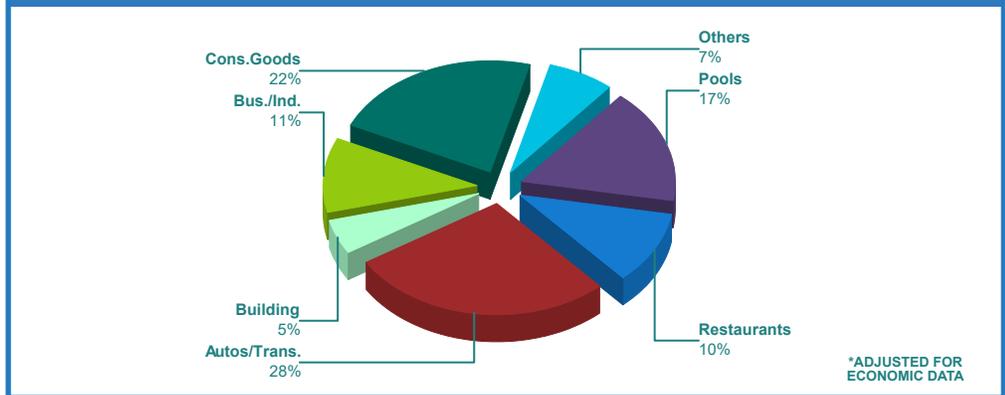
related tax receipts due to lower global crude oil prices—a trend that continued into 1Q 2025. Fuel-related returns dropped by 5%. This decline also affected general consumer goods, as large retailers that sell fuel typically report all sales under a single taxpayer ID. As a result, brick-and-mortar 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 Tustin This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Tustin Business Type	Q1 '25*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	2,109.8	15.7% ↑	-1.1% ↓	-0.6% ↓
Casual Dining	516.4	2.2% ↑	1.2% ↑	1.3% ↑
Service Stations	303.0	-4.0% ↓	-6.0% ↓	-5.8% ↓
Family Apparel	289.1	2.5% ↑	0.2% ↑	-3.2% ↓
Quick-Service Restaurants	267.0	-5.2% ↓	-0.3% ↓	-0.9% ↓
Building Materials	260.3	13.6% ↑	5.2% ↑	3.8% ↑
Grocery Stores	179.7	6.2% ↑	-2.3% ↓	-0.8% ↓
Auto Lease	169.6	16.2% ↑	12.0% ↑	20.6% ↑
Specialty Stores	155.9	3.5% ↑	1.3% ↑	-0.6% ↓
Medical/Biotech	133.8	10.9% ↑	1.4% ↑	-0.8% ↓

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