

# CITY OF SANTA MONICA

## SALES TAX UPDATE

### 1Q 2025 (JANUARY - MARCH)



#### SANTA MONICA

TOTAL: \$ 8,685,468

-4.5%  
1Q2025



-1.6%  
COUNTY

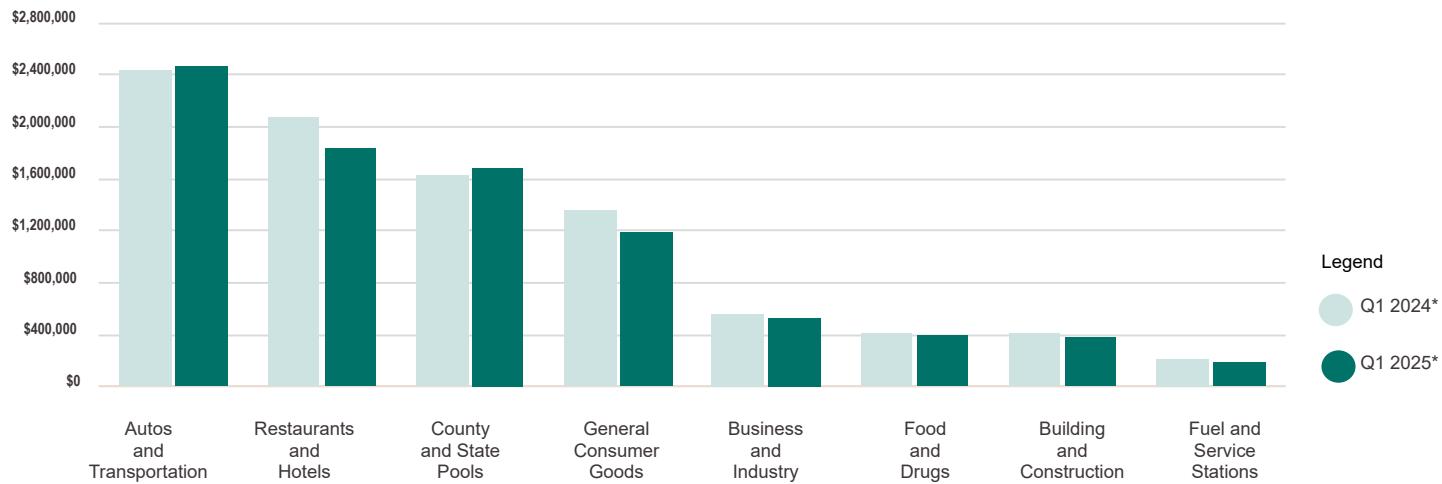


0.3%  
STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### TUT GSH

TOTAL: \$8,159,599

↓ -1.0%



#### CITY OF SANTA MONICA HIGHLIGHTS

Santa Monica's receipts from January through March were 0.7 percent below the same period in 2024. After adjusting for reporting anomalies, actual sales declined by 4.5 percent. The Palisades Fire, which began on January 7 and lasted through the end of the month, disrupted tourism and daily activity. Evacuation orders, smoke, and other effects negatively impacted tax receipts across most major industry groups.

Local restaurants experienced reduced returns as daily routines were interrupted and visitor activity declined. Retailers were similarly affected, with the closure of a sporting goods store further contributing to the downturn.

On a positive note, allocations from the countywide use-tax pool improved, supported by continued strength in ecommerce.

Santa Monica's voter-approved transactions and use tax outperformed the Bradley-Burns portion, benefiting from its broader base and lower sensitivity to localized disruptions.

With the fire fully contained by January 31 and evacuation orders lifted, a rebound is expected in the next quarter.

Across Los Angeles County, taxable sales fell 1.6 percent, while the Southern California region remained flat.



#### TOP 25 PRODUCERS

Apple	Mercedes Benz Vehicle Trust
Audi Leasing Bentley Leasing	Santa Monica Audi
Chevron Santa Monica	Santa Monica BMW
Elephante	Santa Monica Ford Lincoln
Fame House	Shutters on the Beach
Ferguson Enterprises	Snyder Diamond
Genesis Santa Monica	Subaru Santa Monica
Hillstone	Target
Honda Santa Monica	Toyota Lease Trust
Hyundai Santa Monica	Toyota Santa Monica
Jaguar Land Rover Santa Monica	WI Simonson Mercedes
JP Morgan Chase Bank	
Kia Santa Monica	
Lexus Santa Monica	



## 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.

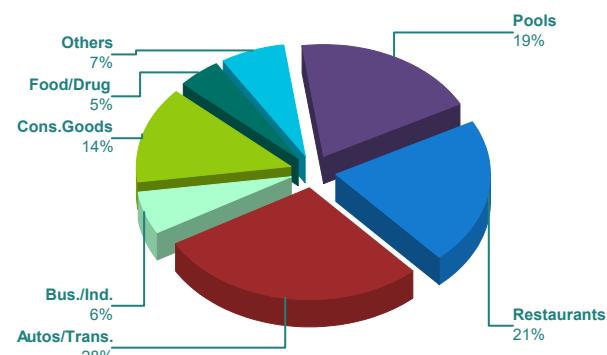
Although food-drugs is the smallest of the eight tax groupings, it was significant that cannabis returns continued a downturn trend that has been ongoing for over two years. Bankruptcies, customer shopping

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

Santa Monica This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

## TOP NON-CONFIDENTIAL BUSINESS TYPES

Santa Monica Business Type	Q1 '25*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,757.4	-0.5% <span style="color:red">↓</span>	-4.2% <span style="color:red">↓</span>	-0.6% <span style="color:red">↓</span>
Casual Dining	808.0	-10.2% <span style="color:red">↓</span>	-2.3% <span style="color:red">↓</span>	1.3% <span style="color:green">↑</span>
Auto Lease	494.9	11.4% <span style="color:green">↑</span>	13.9% <span style="color:green">↑</span>	20.6% <span style="color:green">↑</span>
Fine Dining	273.2	-23.0% <span style="color:red">↓</span>	-15.1% <span style="color:red">↓</span>	-6.7% <span style="color:red">↓</span>
Plumbing/Electrical Supplies	268.5	-7.9% <span style="color:red">↓</span>	1.1% <span style="color:green">↑</span>	1.7% <span style="color:green">↑</span>
Grocery Stores	244.6	2.2% <span style="color:green">↑</span>	-0.7% <span style="color:red">↓</span>	-0.8% <span style="color:red">↓</span>
Business Services	241.7	0.9% <span style="color:green">↑</span>	4.4% <span style="color:green">↑</span>	9.3% <span style="color:green">↑</span>
Hotels/Motels	236.3	-16.5% <span style="color:red">↓</span>	-5.5% <span style="color:red">↓</span>	1.8% <span style="color:green">↑</span>
Quick-Service Restaurants	216.8	-8.9% <span style="color:red">↓</span>	-3.0% <span style="color:red">↓</span>	-0.9% <span style="color:red">↓</span>
Service Stations	185.9	-9.0% <span style="color:red">↓</span>	-8.9% <span style="color:red">↓</span>	-5.8% <span style="color:red">↓</span>

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\*In thousands of dollars