

CITY OF SANTA MONICA

SALES TAX UPDATE

2Q 2025 (APRIL - JUNE)



SANTA MONICA

TOTAL: \$ 9,400,468

-1.6%

2Q2025



-1.1%

COUNTY



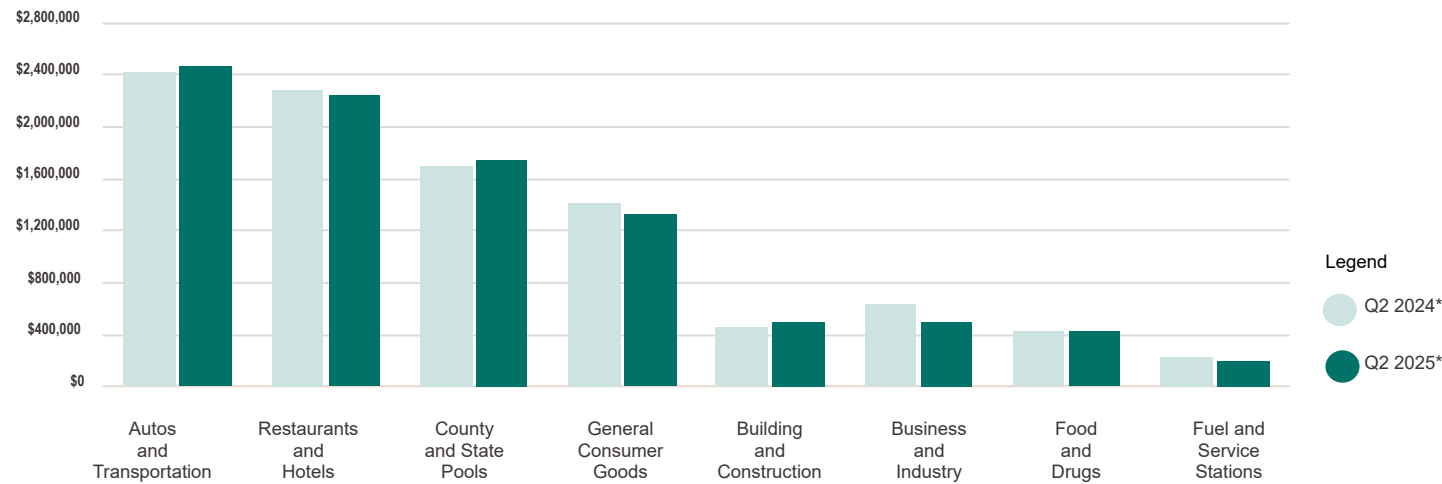
0.5%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



TUT GSH

TOTAL: \$9,050,762

↑ 1.1%



CITY OF SANTA MONICA HIGHLIGHTS

Santa Monica's receipts from April through June were 0.3% above the second sales period in 2024. Excluding reporting aberrations, actual sales were down 1.6%.

Restaurants-hotels declined a modest 2% this quarter. Most notable was an 11% drop from fine dining, reflecting patrons navigating elevated menu prices for less expensive options; this segment also had a closure earlier in 2025. Casual dining taxes were unchanged.

Cautious shoppers altered spending habits, drove general consumer goods down 7%; fewer customer outlays occurred at specialty, apparel and electronics retailers. Year-ago return spikes in the service's sector, weaker demand for B2B products explains the business-industry group's contraction.

In line with regional trends, pump price reductions provoked service station's returns to decline.

Positive outcomes included \$41,000 more from plumbing/electrical suppliers and a modest 3% bump in pool allocations.

The TUT-GSH data was mixed, the net increase primarily driven by a large transportation equipment delivery and residents paying more for vehicles.

Net of aberrations, taxable sales in Los Angeles County declined 1.1% over the comparable time period; taxable sales across the Southern California region were flat.



TOP 25 PRODUCERS

Apple	Mercedes Benz Vehicle Trust
Associated Ready Mixed Concrete	Santa Monica Audi
Audi Leasing Bentley Leasing	Santa Monica Ford Lincoln
Elephante	Santa Monica Gmc
Fairmont Miramar Hotel	Santa Monica Proper
Fame House	Shutters on the Beach
Ferguson Enterprises	Snyder Diamond
Genesis Santa Monica	Subaru Santa Monica
Honda Santa Monica	Toyota Lease Trust
Hyundai Santa Monica	Toyota Santa Monica
Jaguar Land Rover Santa Monica	Water Grill/Pier Burger
Kia Santa Monica	WI Simonson Mercedes
Lexus Santa Monica	



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

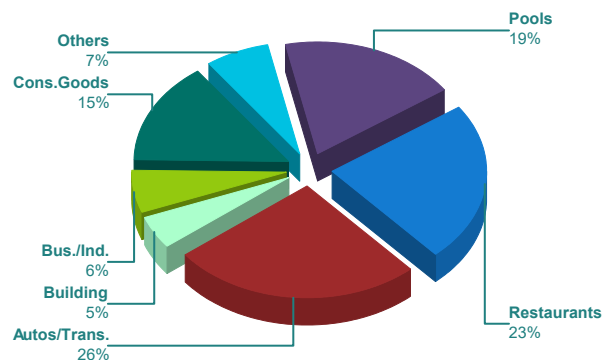
from fuel and service stations declined for the ninth time in ten quarters, primarily due to West Texas Intermediate (WTI) low crude oil prices. As the global economy and development remains tempered, so has the demand for oil, leaving prices relatively low. While this dampens sales taxes, lower fuel 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 Santa Monica This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Santa Monica Business Type	Q2 '25*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,743.8	0.6% ↑	-5.0% ↓	-2.3% ↓
Casual Dining	977.8	-0.1% ↓	0.4% ↑	1.4% ↑
Auto Lease	499.7	9.8% ↑	12.6% ↑	13.2% ↑
Plumbing/Electrical Supplies	342.9	13.8% ↑	8.2% ↑	1.4% ↑
Hotels/Motels	330.7	2.2% ↑	1.8% ↑	5.3% ↑
Fine Dining	323.5	-11.3% ↓	-10.2% ↓	-5.0% ↓
Grocery Stores	261.0	3.2% ↑	0.8% ↑	-0.2% ↓
Quick-Service Restaurants	239.8	-7.8% ↓	-1.8% ↓	-0.7% ↓
Business Services	221.4	-20.7% ↓	9.9% ↑	2.8% ↑
Specialty Stores	210.1	-10.8% ↓	-6.8% ↓	-3.4% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars