

CITY OF HEALDSBURG

SALES TAX UPDATE

1Q 2025 (JANUARY - MARCH)



HEALDSBURG

TOTAL: \$ 1,262,985

0.6%
1Q2025



-0.3%
COUNTY

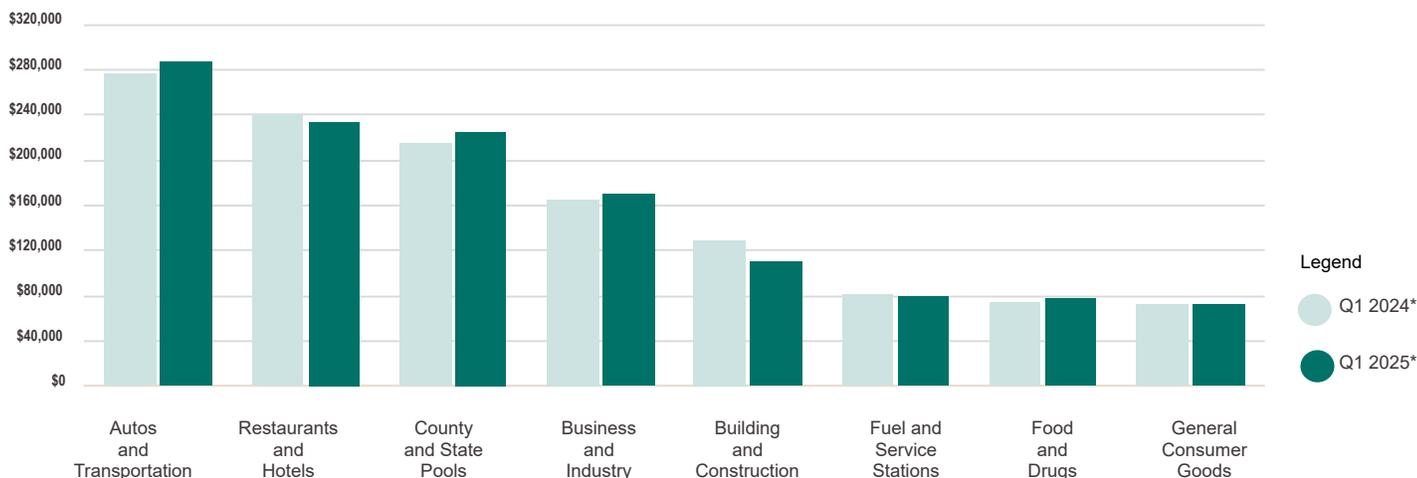


0.3%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure V

TOTAL: \$603,661

↓ -0.2%



CITY OF HEALDSBURG HIGHLIGHTS

Healdsburg's gross receipts from January - March 2025 was 3.7% above the first sales period in 2024. However, after adjusting for reporting modifications from audit adjustments and delayed payments, actual sales were up 0.6%. Results were mixed across tax groups.

For the fourth consecutive quarter, autos-transportation posted growth as people made related purchases during the early months of the year. The City's allocation from the countywide use tax pool grew 5.2% due to lower sales tax growth by other county agencies.

While winery and food equipment sales dipped, the heavy industrial sector contributed to a 4% jump in business-industry. Grocery stores and a new

business in town lifted the food-drugs group.

Conversely, lower building materials receipts and comparison to a one-time contractor payment last year caused a 14.6% decline in building-construction. While fine dining and hotels/motels edged higher, it was not enough to offset a drop in casual dining revenues.

Voter-approved Measure V posted similar results, with the largest comparative decline caused by slow building materials and contractor returns.

Net of adjustments, taxable sales for all of Sonoma County declined 0.3% and the Bay Area was up 0.5%.



TOP 25 PRODUCERS

- | | |
|-------------------------------------|----------------------------------|
| Big Johns Market | Max Process Equipment Global |
| California Vineyard And Farm Supply | Montage Healdsburg |
| E & M Electric & Machinery | Opperman & Son |
| Fast Lane Gas & Food | Rotten Robbie |
| Garrett Hardware & Plumbing | Safeway |
| Healdsburg Chevrolet | Sanderson Ford |
| Healdsburg Chevron & Carwash | Silveira Gmc |
| Healdsburg Gas Mart | Singlethread Farm Restaurant Inn |
| Healdsburg Lumber | Valette |
| Hotel Healdsburg | Westtec Tank & Equipment Company |
| Jerrys Valero | Wilbur Ellis |
| Matheson | Williamson Wines |
| | Willi's Seafood & Raw Bar |



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.

| SALES TAX RATE BREAKDOWN | | 9.75% |
|--|----------------|-------|
| State General Fund | 3.9375% | |
| City/County General Fund (Bradley-Burns) | 1.0000% | |
| Healdsburg Measure V (HDBG) | 0.5000% | |
| County Public Safety (Prop 172) | 0.5000% | |
| County Realignment (Mental Health/Welfare/Public Safety) | 1.5625% | |
| Countywide Transportation Fund | 0.2500% | |
| Sonoma County Transportation Authority (SCTA) (SNTA) | 0.2500% | |
| Sonoma County Ag_Open Space District - Measure F (SAPD) | 0.2500% | |
| Sonoma County Library Maintenance Enhancement Tax (SCLM) | 0.1250% | |
| Sonoma County Marin Area Rail Transit District (SMRT) | 0.2500% | |
| Sonoma County Measure M (SCPS) | 0.1250% | |
| Sonoma County Measure O (SOMT) | 0.2500% | |
| Tax Rate Effective April 01, 2025 | 9.0000% | |

| TOP NON-CONFIDENTIAL BUSINESS TYPES | | | | | |
|-------------------------------------|---------|---------|---------------|------------------|--|
| Healdsburg Business Type | Q1 '25* | Change | County Change | HdL State Change | |
| Building Materials | 96.6 | -5.3% ↓ | 2.9% ↑ | 3.8% ↑ | |
| Casual Dining | 90.4 | -8.2% ↓ | 1.3% ↑ | 1.3% ↑ | |
| Service Stations | 79.8 | -2.0% ↓ | -2.1% ↓ | -5.8% ↓ | |
| Fine Dining | 71.0 | 2.1% ↑ | 0.9% ↑ | -6.7% ↓ | |
| Grocery Stores | 51.5 | 1.1% ↑ | 0.0% ↑ | -0.8% ↓ | |
| Wineries | 50.9 | -7.2% ↓ | -9.3% ↓ | -5.5% ↓ | |
| Hotels/Motels | 49.9 | 3.9% ↑ | 1.5% ↑ | 1.8% ↑ | |
| Quick-Service Restaurants | 16.5 | -2.3% ↓ | -1.8% ↓ | -0.9% ↓ | |
| Automotive Supply Stores | 15.7 | -6.6% ↓ | -0.4% ↓ | -0.4% ↓ | |
| Family Apparel | 12.6 | 4.4% ↑ | -4.3% ↓ | -3.2% ↓ | |

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