CITY OF GARDENA
SALES TAX UPDATE
1Q 2025 (JANUARY - MARCH)

GARDENA

TOTAL: $ 3,755,988

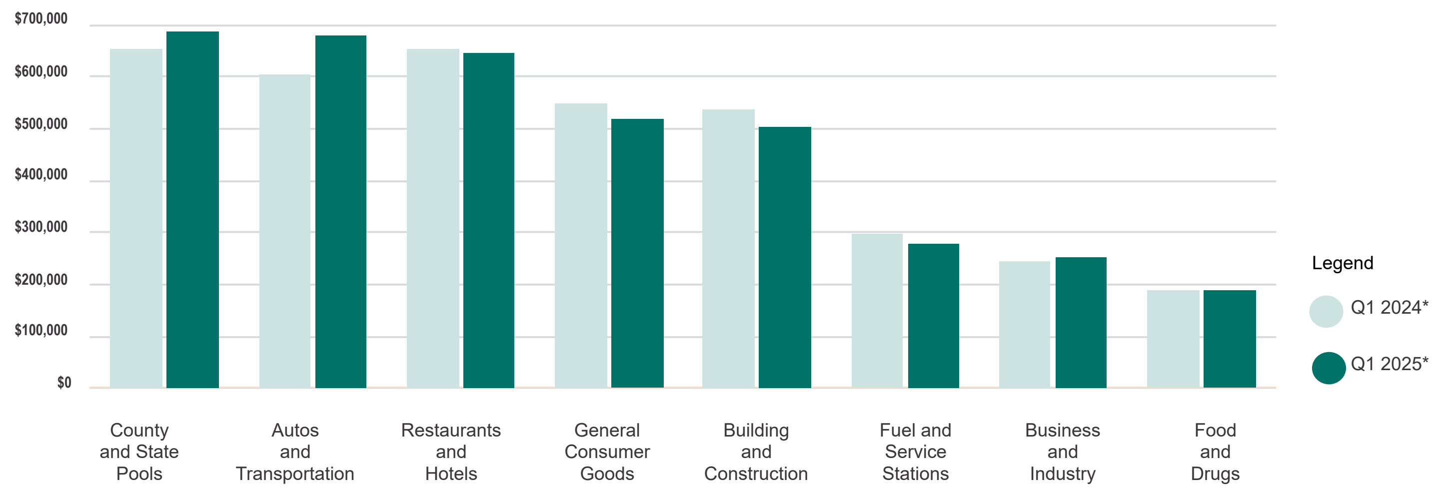
0.6% 1Q2025 ↑

-1.6% COUNTY ↓

0.3% STATE ↑

Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure G

TOTAL: $2,932,757

↓ -4.0%

CITY OF GARDENA HIGHLIGHTS

Gardena's receipts from January - March were 1.0% above the first sales period in 2024. Excluding reporting aberrations, actual sales were up 0.6%.

Possibility of new tariffs led to a surge in auto sales at the end of March as consumers rushed to buy.

The food-drugs sector reported an increase in sales as consumers focus on store brands in an effort to economize.

Motor vehicle fuel consumption declined overall while oil barrel and pump prices were down significantly, reducing fuel-service stations receipts.

Sustained high interest rates continue to affect the building-construction sector along with uncertainty surrounding federal funding for infrastructure projects, resulting in an overall decline.

Consumer spending on restaurants slowed in 1Q25, with consumers prioritizing groceries and value options.

The City's share of the countywide use tax pool remained flat when compared to the same period in the prior year. Measure G, the City's voter-approved transactions and use tax, brought in an additional $2,932,757 in revenue.

Net of aberrations, taxable sales for all of Los Angeles County declined 1.6% over the comparable time-period; the Southern California region was flat.

TOP 25 PRODUCERS

76
A&A Chevron
Arco AM PM
Beacon Roofing Supply
Chick Fil A
Commline
Crenshaw Lumber Co
Crenshaw Wholesale Electric Supply
CVS Pharmacy
Enterprise Rent A Car
Food 4 Less
G & C Equipment Finders Corp
Gardena Honda
Honda Lease Trust
In N Out Burger
Marukai Market
McDonald's
Nissan of Gardena
Raising Cane's
Ralphs
Sam's Club w/ Fuel
Smardan Hatcher Co.
Target
Vons Fuel
Wood Oil Company

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.

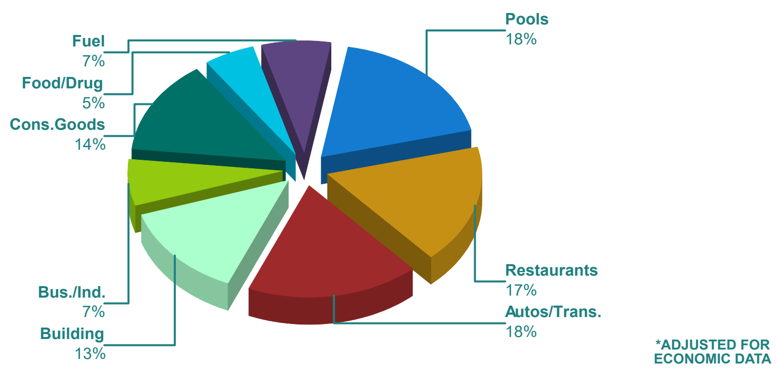
Calendar year 2024 saw a decline in fuel-related tax receipts due to lower global crude oil prices—a trend that continued into 1Q 2025. Fuel-related returns dropped by 5%. This decline also affected general consumer goods, as large retailers that sell fuel typically report all sales under a single taxpayer 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

Gardena This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Gardena Business Type	Q1 '25*	Change	County Change	HdL State Change
Building Materials	348.8	-8.6% ↓	5.0% ↑	3.8% ↑
Quick-Service Restaurants	289.9	-3.0% ↓	-2.9% ↓	-0.9% ↓
Casual Dining	273.2	2.2% ↑	-2.3% ↓	1.3% ↑
Service Stations	230.0	-7.0% ↓	-8.9% ↓	-5.8% ↓
Grocery Stores	126.1	5.9% ↑	-0.7% ↓	-0.8% ↓
Plumbing/Electrical Supplies	77.1	0.6% ↑	1.1% ↑	1.7% ↑
Transportation/Rentals	75.0	-4.4% ↓	-13.3% ↓	-8.6% ↓
Contractors	70.5	-3.4% ↓	-2.5% ↓	1.2% ↑
Fast-Casual Restaurants	66.0	-7.2% ↓	-3.5% ↓	-0.3% ↓
Auto Repair Shops	60.6	-6.9% ↓	-6.8% ↓	-8.3% ↓

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