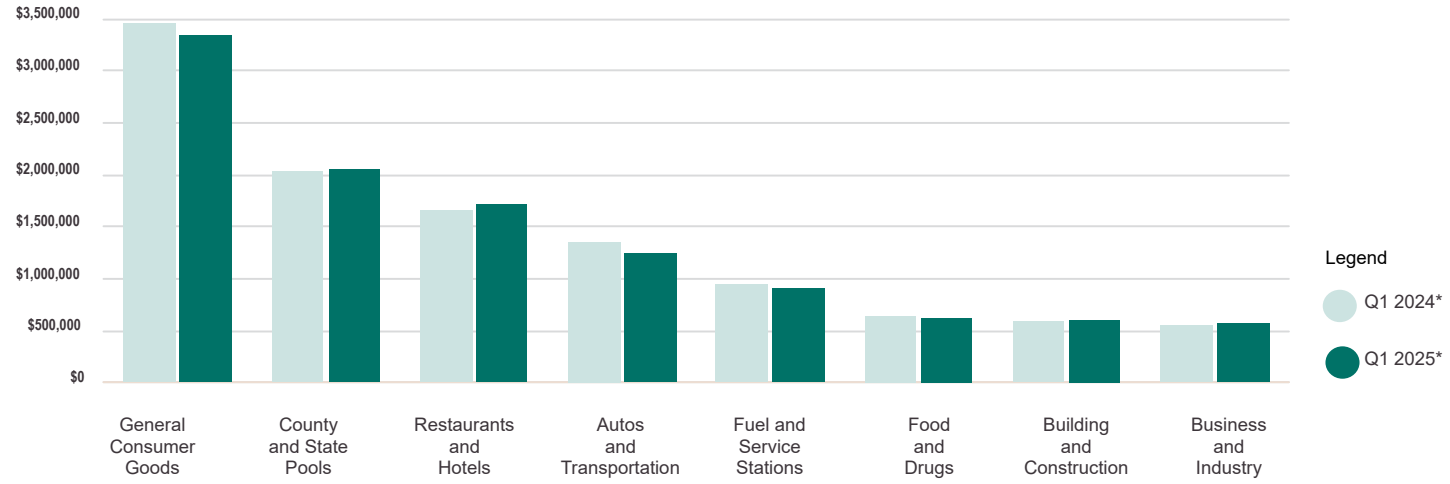
CITY OF CHULA VISTA
SALES TAX UPDATE
1Q 2025 (JANUARY - MARCH)

CHULA VISTA				
TOTAL: $ 11,058,375	-1.5% 1Q2025	0.3% COUNTY	0.3% STATE	

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure P	Measure A
TOTAL: $6,877,092	TOTAL: $6,877,502
0.6%	0.6%

CITY OF CHULA VISTA HIGHLIGHTS

Chula Vista's receipts from January through March were 3.1% lower than during the same sales period in 2024. After adjusting for reporting irregularities, actual sales declined by 1.5%.

The primary reason for this decrease was a reduction in allocations from local new car dealerships. One vendor in particular had an unusually large allocation in the previous year, which made year-over-year comparisons more challenging.

Consumers appeared to be under pressure from rising prices, growing economic uncertainty, and increasing credit card balances. As a result, spending declined at discount department stores, family apparel shops, electronics/appliance retailers, specialty stores, and other retail outlets during the quarter.

Voter-approved district taxes under Measures A and P performed better than the Bradley Burns portion of sales tax revenue. This was driven by continued strength in online shopping, significant capital investments in the business-industrial sector, and steady automobile purchases.

After excluding anomalies, taxable sales across San Diego County increased by 0.3% compared to the same period last year. In contrast, the broader Southern California region remained unchanged.

TOP 25 PRODUCERS

Apple
Arco AM PM
Best Buy
Chevron
Chula Vista Ford
Chula Vista Honda
Chula Vista Kia
Circle K
Costco
Home Depot
In N Out Burger
Lowes
Macy's
Marshalls
Mohsen Oil
Mossy Chrysler Dodge Jeep Ram
Mossy Nissan Chula Vista
Plenums Plus
Ralphs
Ross
Stars & Stripes Travel Center South
Target
Toyota Of Chula Vista
Vons
Walmart

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.

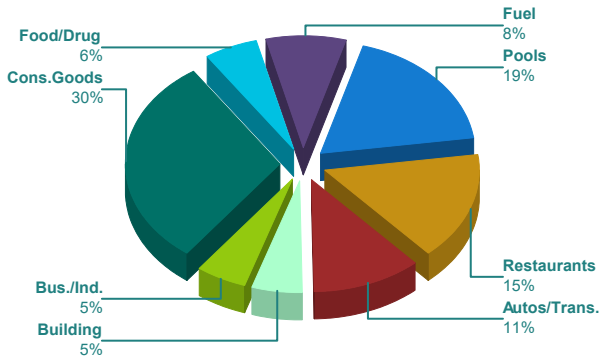
Calendar year 2024 saw a decline in fuel-related tax receipts due to lower global crude oil prices—a trend that continued into 1Q 2025. Fuel-related returns dropped by 5%. This decline also affected general consumer goods, as large retailers that sell fuel typically report all sales under a single taxpayer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

Chula Vista This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Business Type	Q1 '25*	Chula Vista Change	County Change	HdL State Change
Discount Dept Stores	1,700.0	-4.1%	-4.1%	-2.1%
Service Stations	899.0	-2.9%	-5.0%	-5.8%
New Motor Vehicle Dealers	728.3	-13.9%	-0.5%	-0.6%
Quick-Service Restaurants	725.5	2.0%	-0.2%	-0.9%
Casual Dining	720.0	6.5%	2.5%	1.3%
Family Apparel	437.7	-3.8%	-4.7%	-3.2%
Building Materials	393.9	7.7%	4.3%	3.8%
Electronics/Appliance Stores	367.9	-4.3%	-3.8%	-0.6%
Grocery Stores	328.3	1.8%	-1.2%	-0.8%
Specialty Stores	259.0	-1.1%	2.3%	-0.6%

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars