



STAFF REPORT

DATE: 08/06/2025
TO: Honorable Mayor and City Council Members
FROM: Finance Department

2025-292

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:

QUARTERLY SALES TAX REPORT – 2025, QUARTER 1 (JANUARY – MARCH)

EXECUTIVE SUMMARY:

The City of Corona contracts with HdL Companies to provide sales tax consulting services, which include quarterly data reports. The sales tax report for Quarter 1 2025 is provided to the City Council as a receive and file item.

RECOMMENDED ACTION:

That the City Council receive and file the quarterly sales tax information from HdL Companies for Quarter 1 2025 (January – March).

BACKGROUND & HISTORY:

HdL Companies is contracted to provide sales tax consulting services for the City. On a quarterly basis, they review and analyze the City's sales tax activity. Their resources provide them with information to understand sales tax trends and how the City is performing compared to agencies near Corona, agencies in Riverside County, Southern California, and the State. There is a one-quarter lag in when the information is available to HdL Companies for their review and analysis.

ANALYSIS:

Below are the Quarter 1 2025 (January – March) sales tax highlights. The attached newsletter and consensus forecast documents provide additional details.

Quarter 1 2025 (January – March)

From January to March, Corona’s receipts were 1.2% lower than those in the same period in 2024. After accounting for reporting anomalies, actual sales saw a decline of 2.7%. Business-industrial returns fell as a major local firm completed its expansion project. Additionally, lower energy prices reduced revenues from fuel and service stations, while the sluggish housing market negatively impacted contractor-related sales.

On a positive note, allocations from the Riverside County use tax pool increased, indicating stronger business-industrial activity within the region overall. Measure X, the City’s one percent voter-approved district tax, outperformed the previously mentioned Bradley-Burns returns, bolstered by continued growth in online shopping.

Across Riverside County, taxable sales, excluding anomalies, rose by 0.8% compared to the same period last year. In contrast, the broader Southern California region showed no growth.

FINANCIAL IMPACT:

There is no financial impact associated with the recommended action.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to receive and file a quarterly sales tax report, and there is no possibility that approval of the recommended actions will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: JULIE KENNICUTT, DEPUTY FINANCE DIRECTOR

REVIEWED BY: BRETT CHANNING, ASSISTANT CITY MANAGER

ATTACHMENTS:

1. Exhibit 1 – 2025-Q1 Sales Tax Update Newsletter
2. Exhibit 2 – 2025-Q1 HdL California Consensus Forecast