

Sales Tax Update 2nd Quarter 2025

(Apr-Jun 2025 vs Apr-Jun 2024 Results)

City of Corona

HdL[®] Companies



City of Corona, CA





Bradley-Burns Regional Report

2Q25 Adjusted Sales Tax Growth*

Region	2Q25 vs 2Q24 % Change
Corona	-5.2%
Riverside County	-1.6%
Southern California	-0.1%
California	+0.5%

**Adjusted indicates that where there are aberrations associated with payment timing, the payment is presented in the quarter in which the sales transaction occurred, not when the cash was received, to better reflect underlying economic activity and results.*



Bradley-Burns Regional Report

FY 24-25 Adjusted Sales Tax Growth (fiscal year ending June 30))*

Region	FY 24-25 vs FY 23-24 % Change
Corona	+0.5%
Riverside County	-1.0%
Southern California	-0.8%
California	-0.6%

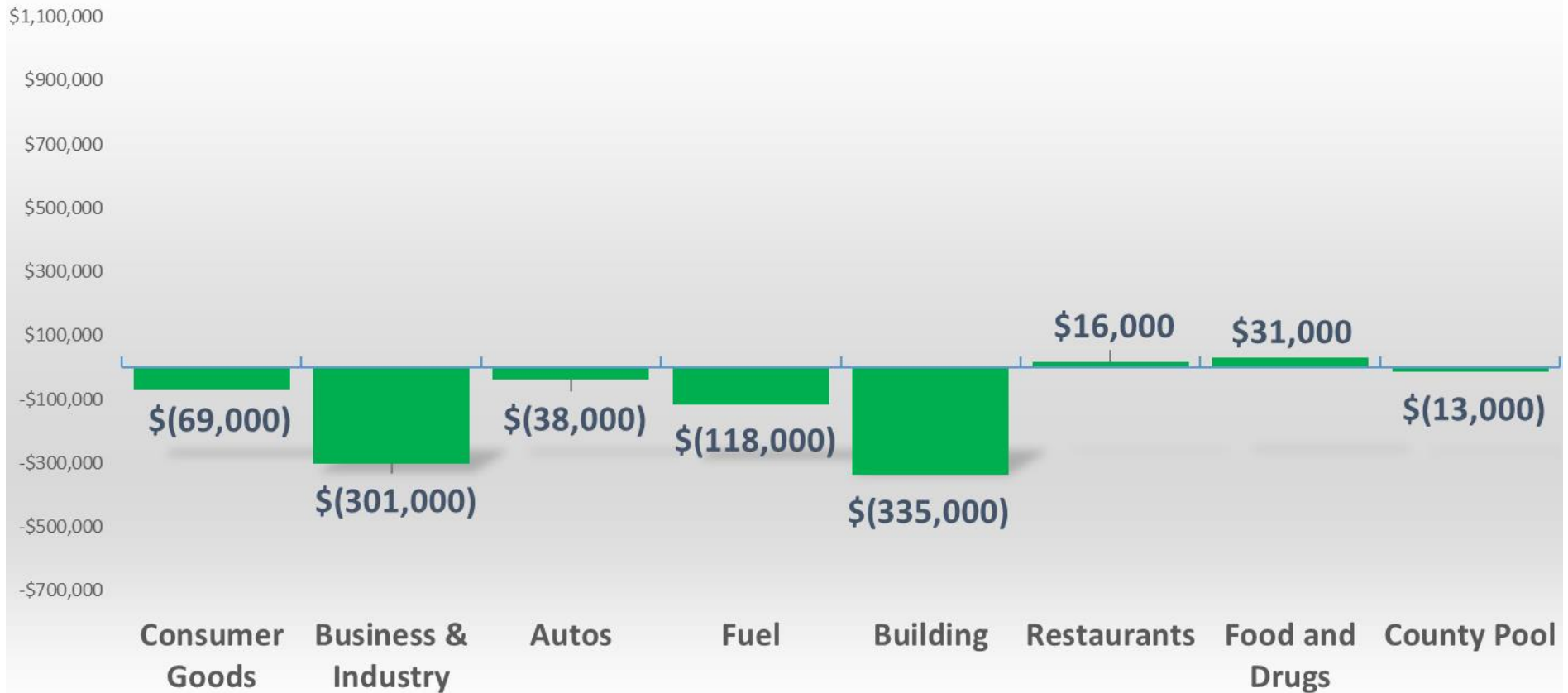
**Adjusted indicates that where there are aberrations associated with payment timing, the payment is presented in the quarter in which the sales transaction occurred, not when the cash was received, to better reflect underlying economic activity and results.*



Corona Major Industry Group Performance

2Q25 Change in Adjusted Sales Tax by Category (vs 2Q24)

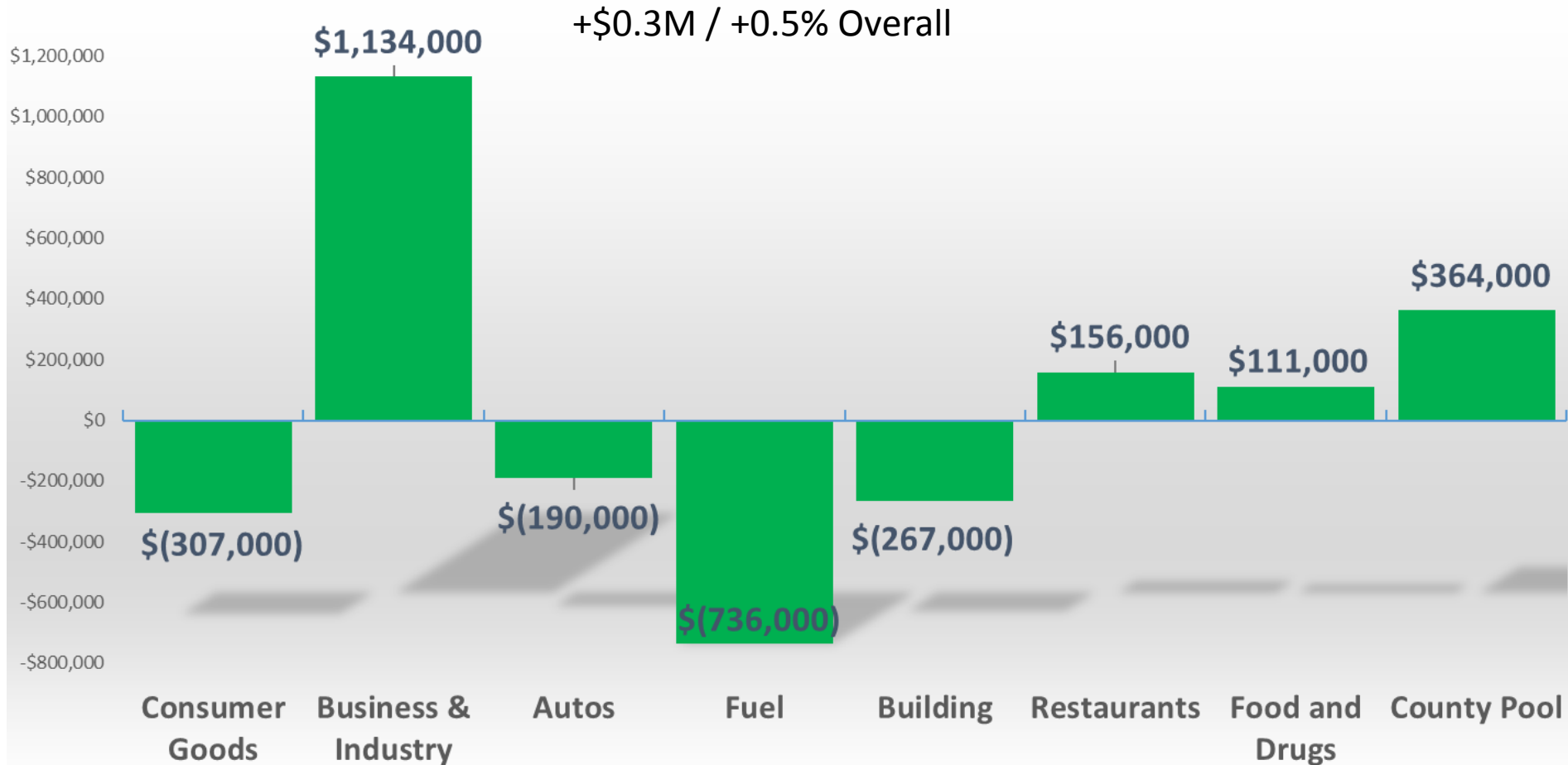
-\$0.8M / -5.2% Overall





Corona Major Industry Group Performance

FY 24-25 Change in Adjusted Sales Tax by Category (vs FY 23-24)



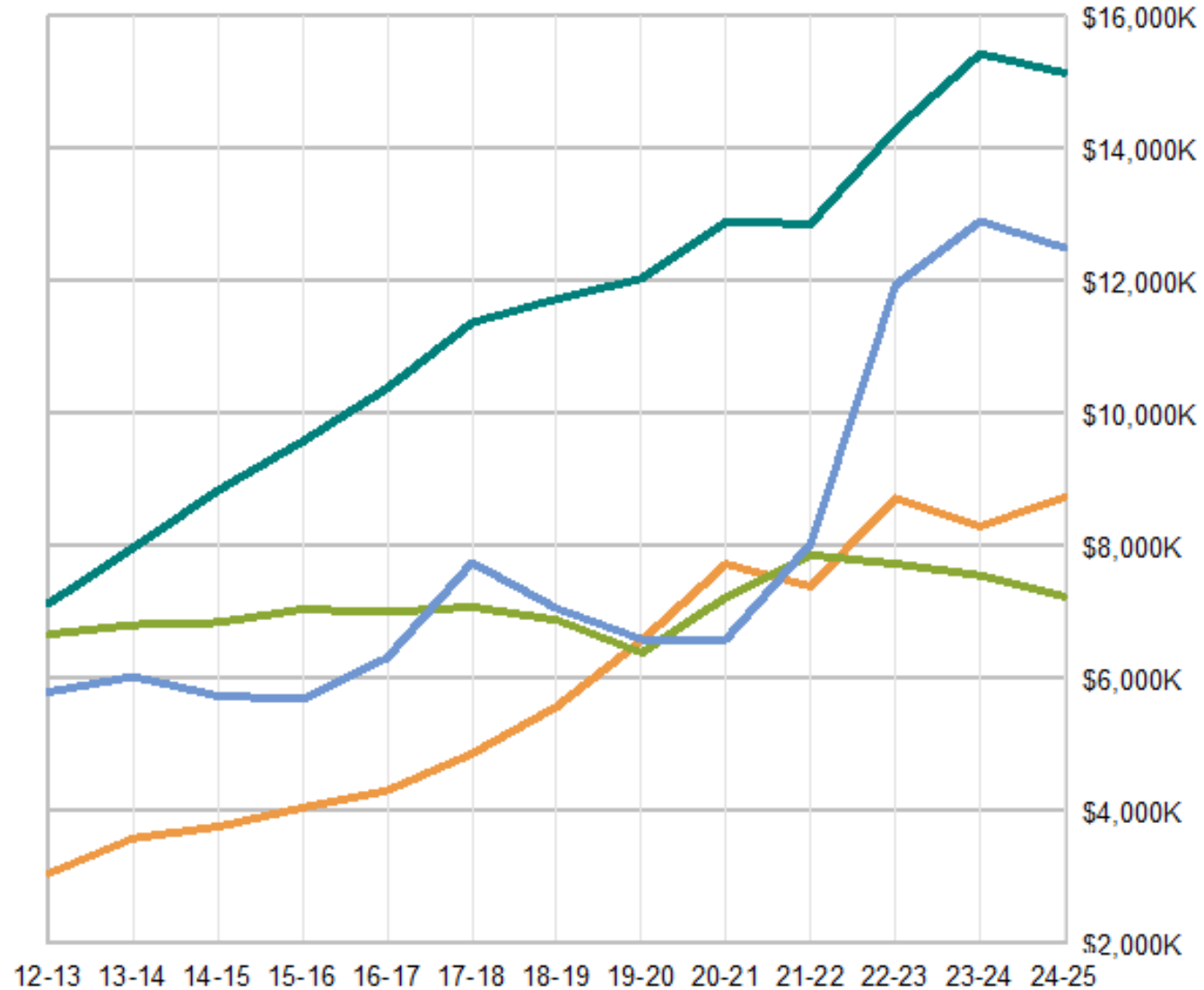
CORONA MAJOR INDUSTRY GROUPS (4 Largest)

Building And Construction
Count: 273

Business And Industry
Count: 1,736

State & County Pools

General Consumer Goods
Count: 1,219



CORONA MAJOR INDUSTRY GROUPS (Remaining 4)

Autos And Transportation

Count: 514

Restaurants And Hotels

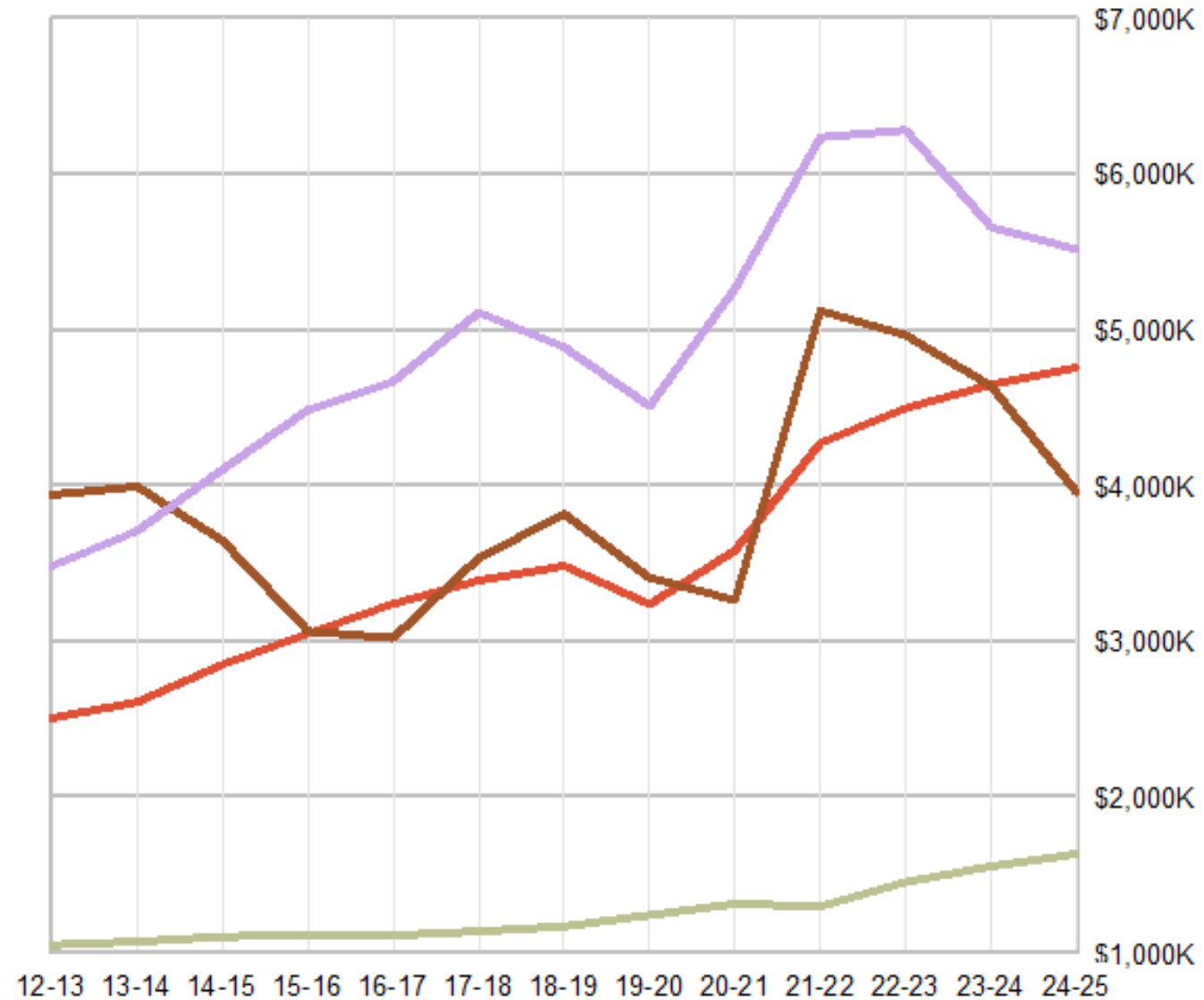
Count: 560

Fuel And Service Stations

Count: 53

Food And Drugs

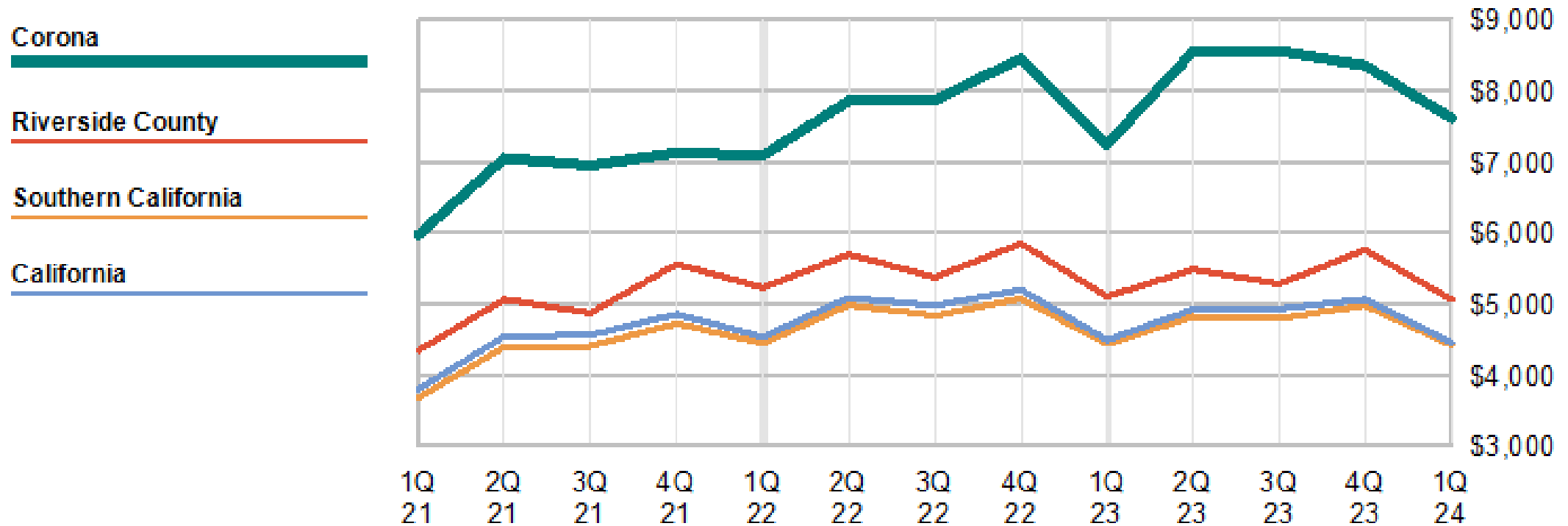
Count: 142





Regional Comparison

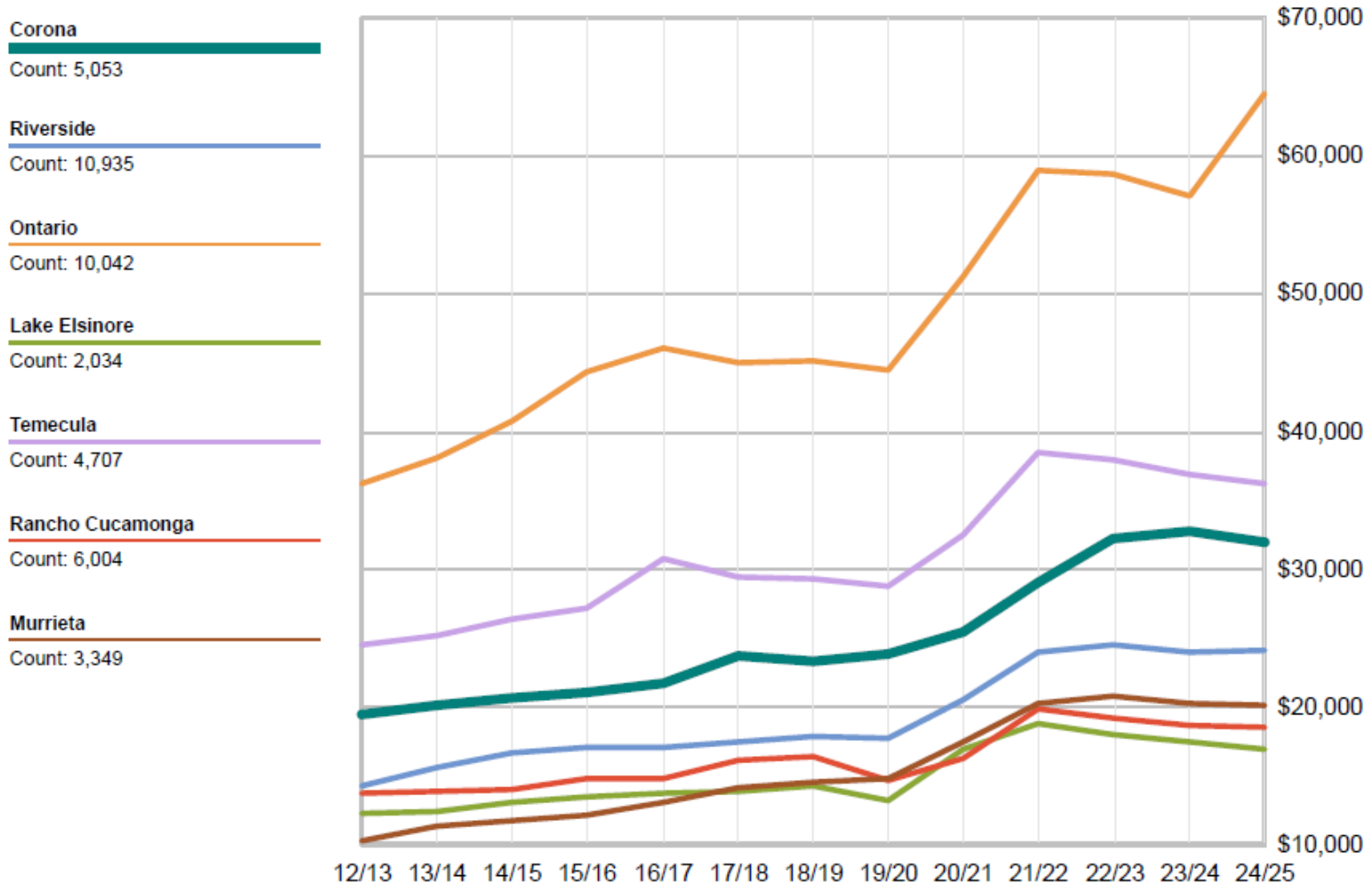
Per Capita Adjusted Sales Tax Graph





City Comparison 1

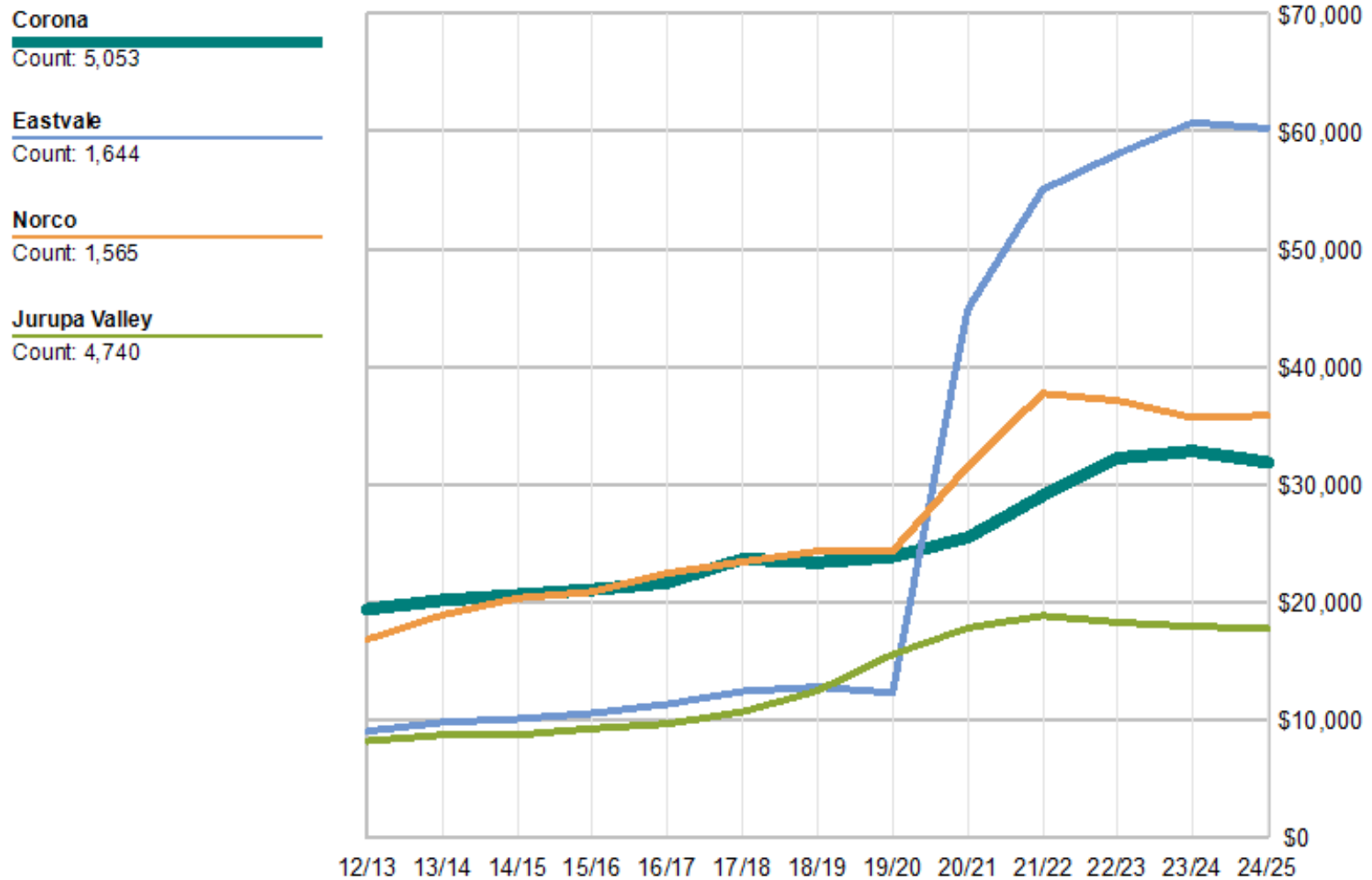
Per Capita Adjusted Sales Tax Graph





City Comparison 2

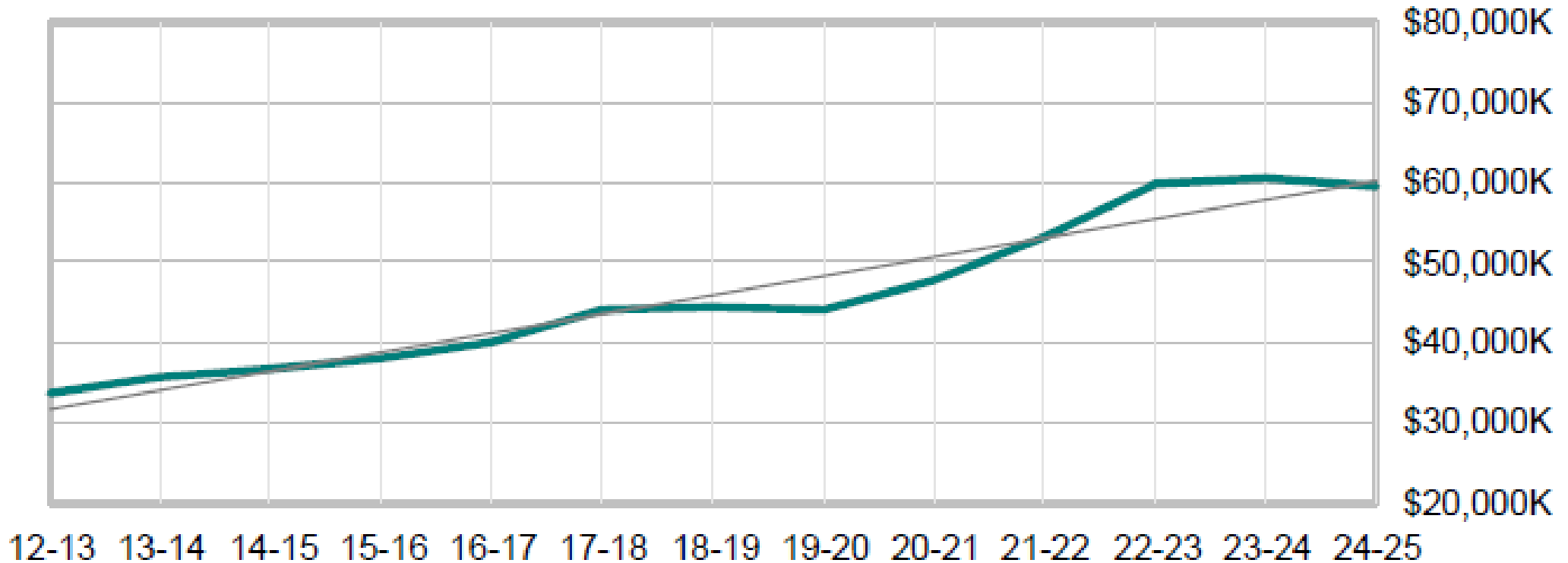
Per Capita Adjusted Sales Tax Graph





Corona Long-Term Sales Tax Trend

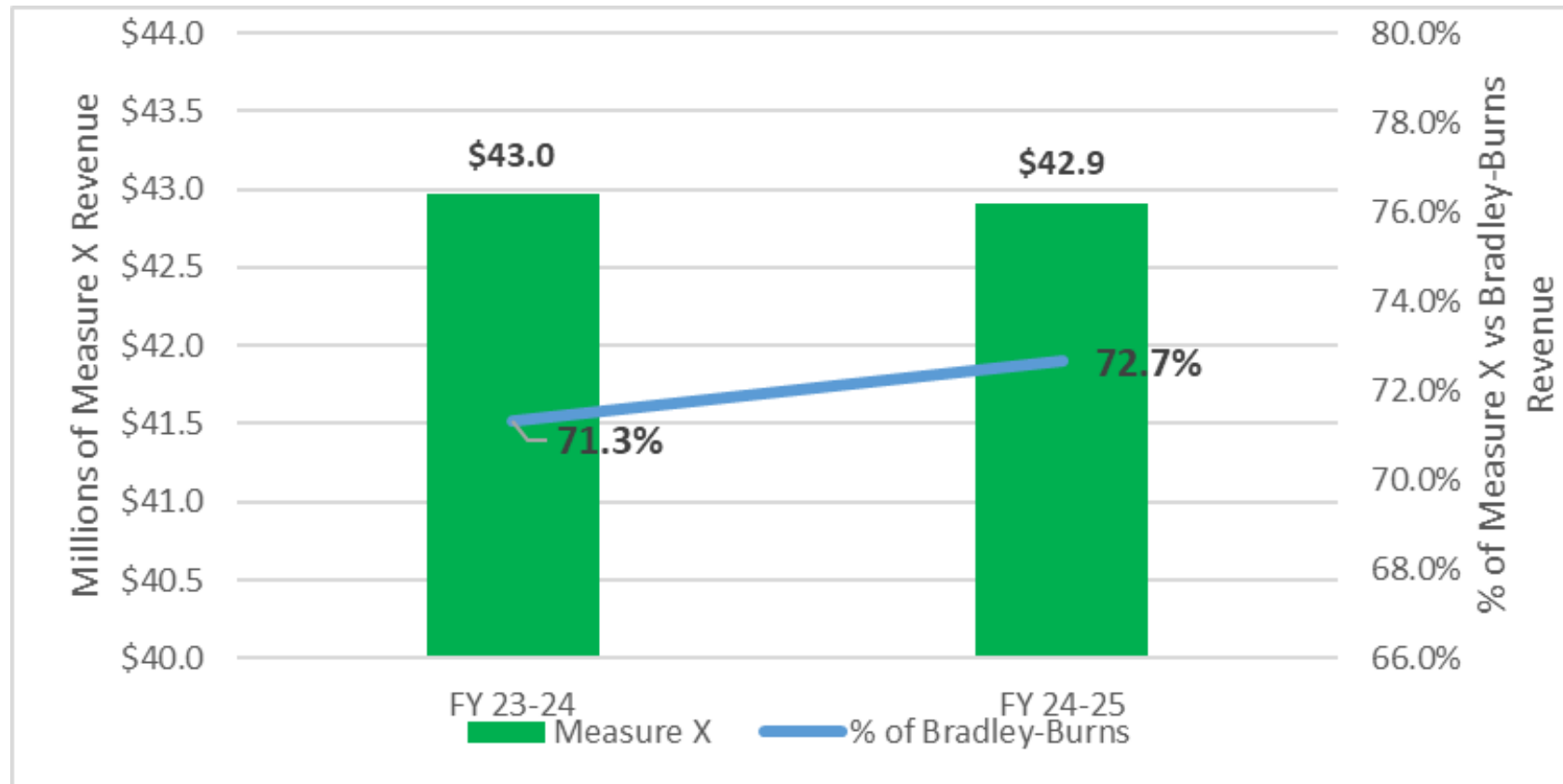
Adjusted Point-of-Sale Receipts: 13-year trend: +89.8%





Corona Measure X *(Adjusted results)*

Last Four-Quarters: \$42.9M (-0.1% versus prior-year)
(72.7% of Bradley-Burns Tax Receipts)





September Statewide Forecast

HdL Companies STATEWIDE SALES TAX TRENDS

2025/26 | 2026/27
TOTAL 1.2% | 2.7%

Overview: Persistent economic headwinds continue to shape the short-term sales tax outlook. While consumer spending on taxable goods remains steady, recent declines in consumer confidence—driven by inflationary pressures, tariff concerns, and rising unemployment—pose risks to sustained revenue growth. The Federal Reserve’s recent interest rate reduction in September, the first since December 2024, signals a responsive monetary policy aimed at stabilizing economic conditions; this reduction does not alter anticipated spending patterns. Modest increases shown above simply recapture statewide sales tax decreases that occurred in the prior two fiscal years.

CALIFORNIA FORECAST SALES TAX TRENDS & ECONOMIC DRIVERS SEPTEMBER 2025

Autos/Transportation 2025/26 | 2026/27
0.4% | 3.0%

Forecasts for auto sales tax revenue over the next two years remains cautious as shoppers continue to face elevated vehicle prices, additional upward pressure from tariffs, and restrictive financing conditions, compounded by the September 2025 expiration of the federal \$7,500 tax credit for electric vehicle purchases. While the Federal Reserve took a step to lower short-term interest rates, it is uncertain how much this will affect long-term borrowing costs, which are most relevant for auto lending. At the same time, recent signs of weakness in the labor market raise concerns about consumer demand, leading this quarter’s forecast to be moderated slightly to reflect the risks that a softening job market poses to future auto sales and related sales tax revenues.

Building/Construction -1.5% | 1.8%

Early 2025 saw elevated sales as contractors stockpiled inventory ahead of expected tariff hikes. These purchases tapered off by Q2, except for solar panels, which remained in demand due to the 30% federal credit expiring on December 31. Infrastructure projects contributed less to the tax base, with new developments slow to launch. The forecast assumes the Fed’s September rate cut will make home equity loans and credit lines more appealing, likely prompting a modest rise in home renovations. However, developers are unlikely to respond quickly to lower mortgage rates due to high material costs and ongoing economic uncertainty. Data center projects expected in 2026 will help, but not enough to offset broader declines.

Business/Industry 1.2% | 3.1%

Fuel/Service Stations 2025/26 | 2026/27
3.4% | 4.0%

Fuel prices and consumption were both down again in the second quarter of 2025, with actual results of (-8%) in alignment with a forecasted decline of 7%. Oil barrel prices held fairly steady, but softer statewide demand pushed revenue lower. California’s new Low Carbon Fuel Standards rules, the phased shutdown of Phillips 66, and the planned closure of Valero’s Benicia refinery are all lining up to put pressure on prices starting later this year. While no legislation is currently planned, potential state action to keep the Benicia refinery open would help smooth the impact of that closure. These factors, combined with OPEC supply risks and indicate a slightly better economic outlook. The forecast points to modest recovery in FY 2025–26 with long-term growth settling in the 3–4% range.

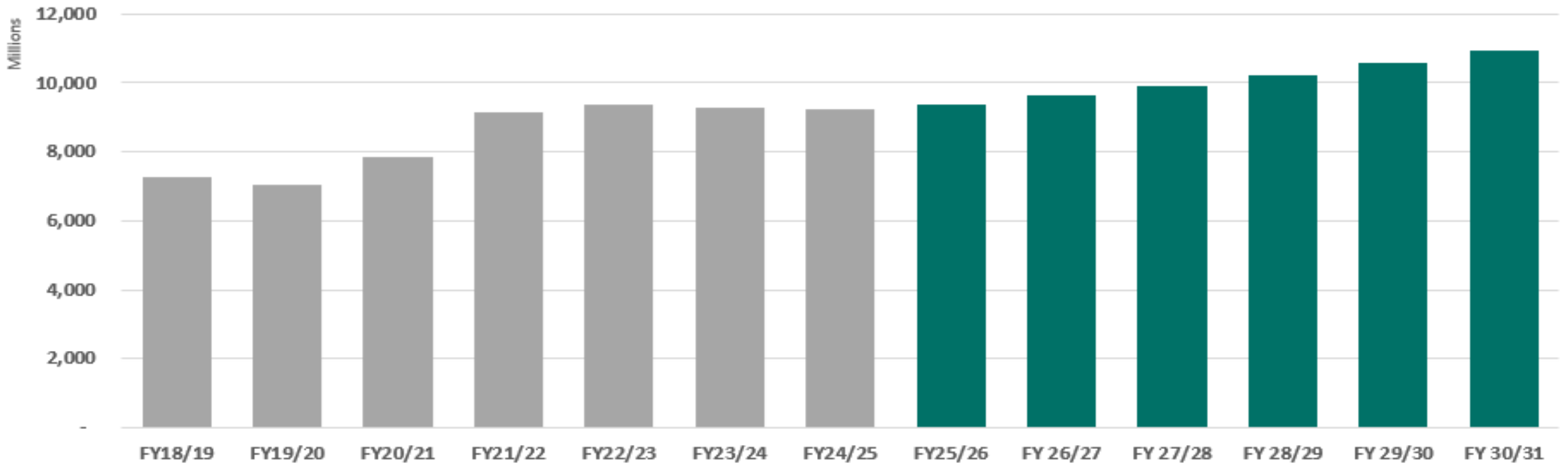
General Consumer Goods 0.8% | 1.3%

Consumer spending on general retail categories remained robust in Q2 2025. Absent in-state fulfillment centers and out-of-state retailers, this category contracted 0.7% during the spring. While consumer confidence and sentiment indicators suggest a neutral to less optimistic view of the economy, anticipate a flatter outlook for consumption rather than a large pullback. Rising tariff-related costs continue to pressure household budgets. Looking ahead, payments could see a mild rise in the second half of FY 2024-25. Some expert reports suggest discretionary services spending has diminished, supporting more spending on taxable goods. Wage growth for middle and higher earners should hold up outlays, employment uncertainty remains a potential headwind.



HdL Statewide Trend – Annual Outlook

% Change YoY	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
	4.2%	-2.7%	11.5%	16.3%	2.6%	-1.0%	-0.6%	1.2%	2.7%	3.0%	3.3%	3.3%	3.3%





Comments or Questions?