

MENDOCINO CO. UNINC.

SALES TAX UPDATE

4Q 2025 (OCTOBER - DECEMBER)



MENDOCINO COUNTY

TOTAL: \$ 1,692,706

-5.6%
COUNTY UNINC.



-1.7%
COUNTY

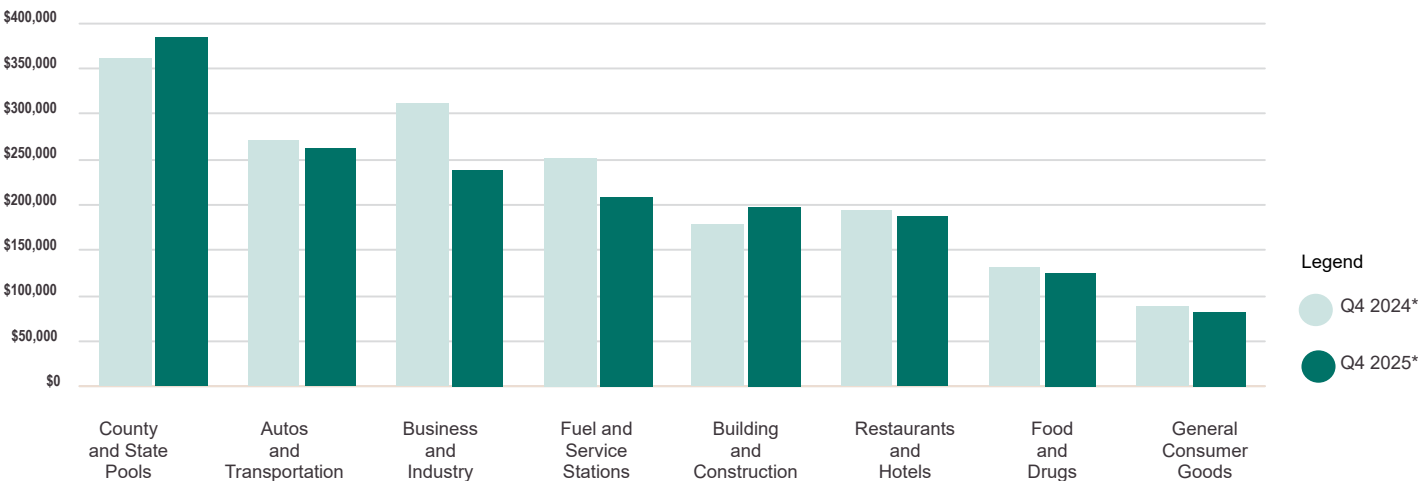


1.2%
STATE



**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



MENDOCINO CO. UNINC. HIGHLIGHTS

The unincorporated area's receipts from October through December were 2.5% below the fourth sales period in 2024. Excluding reporting aberrations, actual sales were down 5.6%.

In late 2025, while reports noted that economic expansion had continued, and the Federal Reserve had started to reduce interest rates, consumer confidence surveys indicated some weakness influencing sales in several industry groups, as did business closures.

Business-industrial sales cratered from warehouse-farm suppliers and wineries. Recent trade policies have created volatility related to commodities and led to delayed investments for large equipment purchases. Similar to statewide trends, fuel-service stations remitted lower returns for the sixth consecutive quarter.

The restaurant group remitted lower returns from hotels-motels, even as local casual dining and quick service venues saw increased sales. Consumers put off spending on automotive needs and not shopping as much at local brick and mortar retailers.

On the plus side, the allocation from the use tax pool improved from holiday shopping online and business investment. Soaring past regional trends, building activity delivered encouraging news from improved demand for contractors.

Net of aberrations, taxable sales for all of Mendocino County declined 1.7% over the comparable time period; the Far North region was down 0.5%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|---------------------|
| Acme Rigging Co | Peterson Tractor Co |
| Bray Trucking | Raley's |
| California Shingle & Shake Co | Redwood Market |
| Chevron | Shell |
| Denbeste Material Supply | Sinclair |
| Granite Construction | Thurston Auto Plaza |
| gualala Supermarket | Chevrolet Toyota |
| Harbor Freight Tools | Thurston Chrysler |
| Harvest At Mendosa | Dodge Jeep Ram |
| In N Out Burger | Thurston Honda |
| Jrs Auto Care Center | |
| Mendo Mill & Lumber Company | |
| Navarro Vineyards | |
| Nor Cal Gasoline | |
| Norcal Recycled Rock & Aggregate | |
| Northern Aggregates | |
| Pace Supply | |



STATEWIDE RESULTS

California's local one cent sales and use tax receipts posted moderate growth during the fourth quarter, reflecting resilient consumer behavior despite persistent economic headwinds. For the months of October through December, revenues increased 1.2% from the year ago quarter after adjusting for accounting anomalies. This performance capped an overall improvement for calendar year 2025 of 1.2%, marking a welcomed annual increase after two consecutive years of decline.

Consumer spending patterns during the holiday season played a central role in the fourth-quarter results. Fulfillment centers and countywide use tax pools generated strong returns, driven by sustained demand for online shopping as cost-conscious consumers prioritized convenience and price comparison. This e-commerce momentum persisted throughout the 2025 year. Traditional brick-and-mortar retailers, particularly apparel and jewelry stores, also realized modest seasonal gains, benefiting from holiday purchasing activity.

Restaurant sales taxes rose again, although operators reported continual pressure from rising costs that influenced customer behavior. Diners reduced visit frequency and alcohol purchases, reflecting heightened price sensitivity. While upcoming national and global sporting events in California could support localized growth, broader restaurant sector expansion is expected to remain constrained and concentrated primarily in tourism-heavy and event-focused regions.

Energy-related initiatives produced solid returns; however, revenue allocation mechanisms shifted, with proceeds previously reported directly to local agencies now distributed through county pools during the current period.

In contrast, the autos-transportation and building-construction sectors remained

subdued. Elevated interest rates, seasonal purchasing patterns, and winter weather limited activity, particularly in high-value purchases such as vehicles and home improvement projects. Contractors in roofing and concrete experienced reduced productivity, reinforcing expectations of continued stagnation in these industries. With minimal interest rate relief projected for 2026, significant near-term recovery remains unlikely.

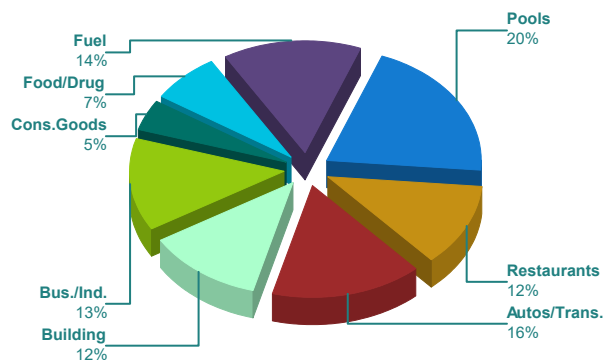
Looking ahead, emerging global risks present growing uncertainty. While not reflected in current results, escalating tensions in the Middle East have driven West Texas Intermediate crude oil prices above \$100 per barrel, translating into sharply higher gasoline prices exceeding \$6 per gallon locally. Refinery

closures across Northern and Southern California further amplify supply pressures. Prolonged energy price volatility could force consumers to redirect spending toward fuel costs, reducing discretionary expenditures in other sectors.

Prior to these developments, short-term economic expectations were cautiously optimistic. However, renewed inflationary pressure has led the Federal Reserve to delay anticipated interest rate reductions, limiting consumer flexibility. Stubbornly high fuel prices may also dampen travel and tourism through summer 2026, leaving little room for broad-based sales tax growth in the 2026 year.

REVENUE BY BUSINESS GROUP

Mendocino Co. Uninc This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type

	Q4 '25*	Change	County Change	HdL State Change
Service Stations	161.6	-18.8% ↓	-21.5% ↓	-2.2% ↓
Grocery Stores	95.1	-2.5% ↓	5.6% ↑	0.7% ↑
Contractors	88.3	31.5% ↑	22.3% ↑	-0.9% ↓
Casual Dining	71.9	6.6% ↑	-0.2% ↓	2.4% ↑
Building Materials	56.1	-5.7% ↓	-0.2% ↓	-4.1% ↓
Wineries	53.1	-18.6% ↓	-18.8% ↓	-6.0% ↓
Plumbing/Electrical Supplies	47.8	12.1% ↑	13.6% ↑	1.6% ↑
Quick-Service Restaurants	43.7	2.1% ↑	1.8% ↑	0.1% ↑
Warehse/Farm/Const. Equip.	40.7	-58.7% ↓	-44.5% ↓	-5.6% ↓
Hotels/Motels	37.7	-25.2% ↓	-21.4% ↓	5.0% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars