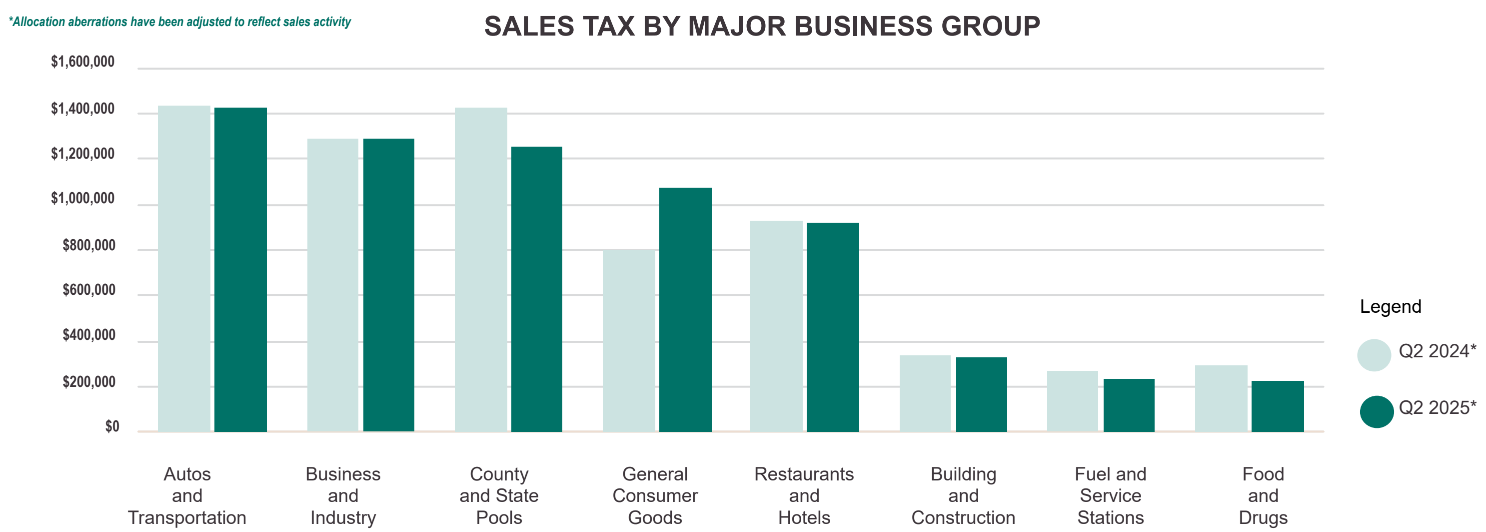
CITY OF PLEASANTON
SALES TAX UPDATE
2Q 2025 (APRIL - JUNE)

PLEASANTON
TOTAL: $ 6,755,197

-0.4% 2Q2025 | 3.6% COUNTY | 0.5% STATE



CITY OF PLEASANTON HIGHLIGHTS

Pleasanton's gross receipts from April – June 2025 were up 1% compared to the second sales period in 2024. After adjusting for reporting modifications from audit adjustments and delayed payments, actual sales dipped 0.4%. 2025 sales tax returns remain modest, reflecting broader economic volatility.

New car sales surged during the spring months, yet declines in other sectors netted a reduction of 0.6% during the spring months. The City's allocation from the countywide use tax pool dropped 12.5% due a decrease in the City's pool share – as other agencies realized significant gains.

While casual, fast-casual and quick-service dining remained stable, comparison to a one-time payment last year in the leisure/entertainment sector tipped restaurants-hotels down slightly.

Building materials sales improved, but a decline in contractor activity resulted in building-construction receipts slipping 2%. The fluctuating price of crude oil caused fuel-service station receipts to slide 13.7%. Comparison to a high payment a year ago by a convenience/liquor store taxpayer contributed to a nearly 25% plummet in food-drugs revenues.

On the positive, a new retail taxpayer shot comparable revenues up 34.5% for the quarter – essentially offsetting most of the overall declines. Business-industry benefitted from a rise in returns in both light and heavy industry.

Net of adjustments, taxable sales for all of Alameda County grew 3.6% over the comparable time period; the Bay Area was up 1.3%.

STATEWIDE RESULTS

California's one-cent local sales and use tax receipts rose 0.6% in Q2 compared to the same period last year, after adjusting for accounting anomalies. While only modest growth, it is the second consecutive quarter experiencing positive results following an extended timeline of declines. This period is traditionally met with improved weather with the beginning of summer activity.

Steady gains in both business-industry and countywide use tax pools were driven by strong online sales, reflecting shopper's willingness and ability to spend. Whether pulled from inventory within California or shipped from outside the state, demand for goods by value-conscious shoppers prevailed. Other notable upticks came from purchases of office and electrical equipment.

Increased tax receipts from restaurants also demonstrated diners continued desire to eat out. Even amongst higher menu prices and tip fatigue, casual dining establishments generated the largest lift. While this is a good sign for the coming summer season, underlying data shows that disposal personal income – a key driver of restaurant sales – is growing at a slower pace than prior years, possibly signaling softer tax growth on the horizon.

The two sectors primed to take advantage of upcoming interest rate changes, autos-transportation and building-construction, only experienced lackluster returns this period. New auto sales declined, offsetting gains in used vehicles and leasing, while building material sales remained unchanged from a year ago. However, aging vehicles and deferred home improvements remain a potential catalyst driving demand in the near term.

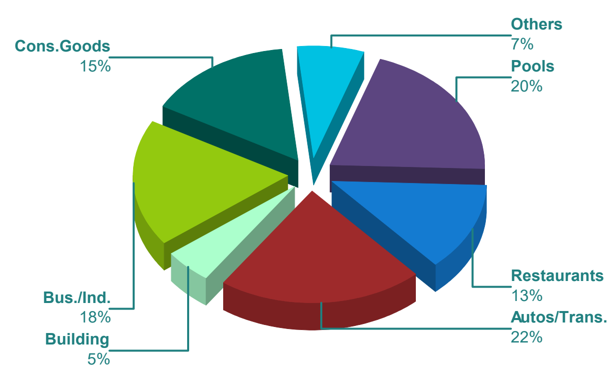
Balancing the positive results, revenue from fuel and service stations declined for the ninth time in ten quarters, primarily due to West Texas Intermediate (WTI) low crude oil prices. As the global economy and development remains tempered, so has the demand for oil, leaving prices relatively low. While this dampens sales taxes, lower fuel costs during peak travel months may boost spending in other segments.

Traditional retailers saw a 1% decline, with specialty, sporting goods, and department stores underperforming compared to year ago totals. Inflation and tariffs continue to pressure consumer spending and retailer margins, prompting reevaluation of physical store investments by regional and national companies alike.

The September reduction in the federal funds rate, noting the possibility of more in early 2026, leaves optimism regarding future financing and accessing equity opportunities for some consumers. However, national tariff/trade talks remain a vital piece of the inflation/higher prices story with the potential of diminishing spending power. So sluggish calendar year 2025 continues with only modest expansion expected braced against the ever-changing larger economic trends.

REVENUE BY BUSINESS GROUP

Pleasanton This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Pleasanton Business Type	Q2 '25*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	930.2	9.6%	1.3%	-2.3%
Casual Dining	486.6	0.6%	0.6%	1.4%
Medical/Biotech	315.7	-23.4%	-27.6%	0.6%
Office Equipment	286.7	74.9%	131.8%	38.0%
Service Stations	233.3	-13.7%	-8.2%	-9.4%
Quick-Service Restaurants	201.8	0.8%	-1.3%	-0.7%
Building Materials	195.5	5.6%	-0.1%	-0.9%
Light Industrial/Printers	155.1	28.0%	-0.3%	-3.9%
Heavy Industrial	154.4	226.7%	11.1%	1.6%
Electronics/Appliance Stores	131.6	13.3%	12.1%	6.9%

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