

CITY OF CYPRESS

SALES TAX UPDATE

3Q 2025 (JULY - SEPTEMBER)



CYPRESS

TOTAL: \$ 3,689,160

10.8%
3Q2025



2.2%
COUNTY

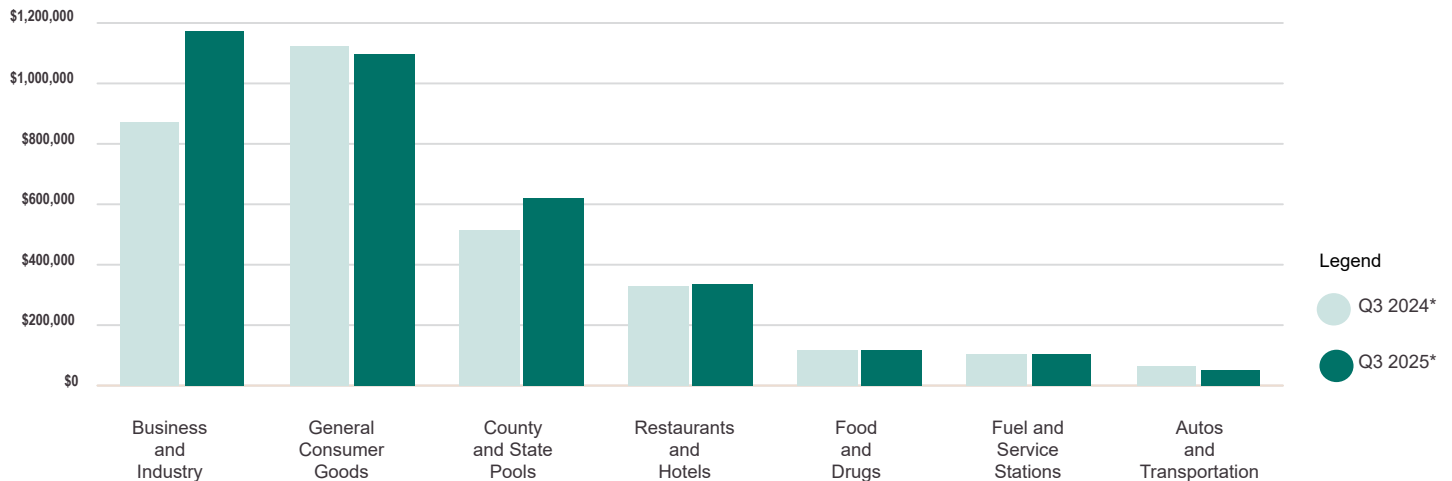


1.9%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF CYPRESS HIGHLIGHTS

Cypress's receipts from July through September were 17.3% above the third sales period in 2024. Excluding reporting aberrations, actual sales were up 10.8%.

The business-industry sector reported a strong sales quarter.

General consumer goods reported a sluggish sales quarter as consumer spending shifted focus to services and value.

A business closure had a negative impact on totals from the autos-transportation group.

In the third quarter of 2025, revenue from fuel-service stations declined due to refinery issues and volatile markets.

Consumer demand in terms of dining out was characterized by a shift towards

savings, with diners trading down from casual and fine dining to more affordable options like fast food restaurants.

In the third quarter of 2025 (3Q25), California's economy continued an extended slowdown characterized by a sluggish labor market and the highest unemployment rate in the country.

The City's share of the countywide use tax pool increased 19.3% when compared to the same period in the prior year.

Net of aberrations, taxable sales for Orange County rose 2.2% over the comparable time-period; the Southern California region was up 1.8%.



TOP 25 PRODUCERS

Arthrex
AVI-SPL
Chevron ExtraMile
Costco
Czarnowski Display Service
Diasorin Molecular
DMG Mori USA
Fuji Photo Film
Gosiger
Hobby Lobby
Home Depot
iRhythm Technologies
Kaeser Compressors
Multiquip
Olive Garden
Primary Color
Ralphs
Ross
Shaw Industries

Siemens PLM Software
Stater Bros
Target
Trader Joe's
Vestcom
Yamaha Motor Finance



STATEWIDE RESULTS

California’s local one-cent sales and use tax receipts for July through September were 1.9% higher than the same quarter last year, after adjusting for accounting anomalies. While growth appears modest, calendar year 2025 remains on pace to rebound following two years of declines. Combined with second-quarter activity, the summer period posted a 1% improvement over the 2024 season.

Sustained consumer trends reflected a willingness to spend while remaining cost-conscious and prioritizing value. Online retailers, reporting to both business-industry and countywide use tax pools (depending on inventory location at purchase), recorded the strongest gains. This momentum extended to brick-and-mortar retailers, which also posted modest improvements. Seasonal “back-to-school” activity boosted men’s and family apparel along with shoe stores, lifting the General Goods sector and enhancing expectations for the upcoming holiday shopping period.

Tax receipts from restaurants edged higher, supported by households’ continued desire to eat out. Despite balancing higher menu prices, tip fatigue, and tighter margins, casual dining establishments generated the largest gains. Overall, summer performance appeared stable but lacked the tourism surge many had hoped for.

Offsetting positive results was a decline in revenue from fuel-service stations—marking the 10th out of the last 11 quarters with negative year-over-year change. This trend is largely tied to West Texas Intermediate (WTI) crude oil prices, which hit their lowest monthly levels since 2021. While lower gas prices may encourage spending in other categories, potential oil refinery closures in the coming year could keep per-gallon prices elevated.

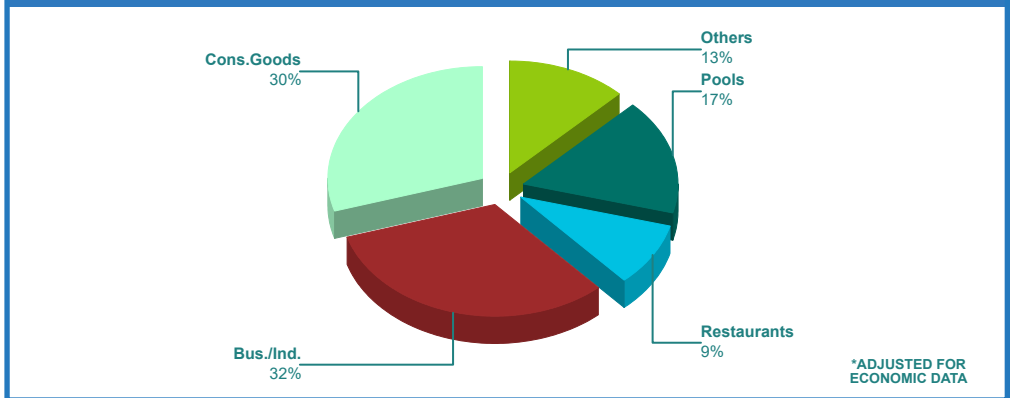
The food and drug sector continued its downward trend as grocers remitted fewer taxes, reflecting the challenge of generating taxable revenue amid rising food prices. Drug store filings have declined throughout the year, driven partly by increased access to medications through e-commerce platforms and a contraction in physical store footprints due to over-saturation and chain bankruptcies.

Two sectors poised to benefit from lower short-term interest rates—autos-transportation and building-construction—repeated a pattern of lackluster returns. A minor uptick came from new auto sales and leasing, while building material

suppliers struggled during the summer, likely creating pent-up demand for repairs and improvements ahead.

With the Federal Reserve considering additional rate changes in early 2026, optimism for improved consumer financing conditions and stronger sales tax receipts remains. As national tariff and trade talks ease, inflationary pressures will continue to shape spending behavior. For now, calendar year 2025 closes with sluggish but stable performance, awaiting broader economic shifts.

REVENUE BY BUSINESS GROUP Cypress This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Cypress Business Type	Q3 '25*	Change	County Change	HdL State Change
Heavy Industrial	294.0	26.6% ↑	6.7% ↑	2.7% ↑
Casual Dining	179.3	5.3% ↑	0.9% ↑	2.0% ↑
Light Industrial/Printers	130.7	5.6% ↑	-3.3% ↓	-1.2% ↓
Medical/Biotech	129.7	28.2% ↑	-3.9% ↓	6.3% ↑
Quick-Service Restaurants	103.0	7.5% ↑	-2.6% ↓	-1.1% ↓
Service Stations	100.9	-1.3% ↓	-5.3% ↓	-5.0% ↓
Specialty Stores	46.2	16.2% ↑	-4.5% ↓	-2.0% ↓
Electronics/Appliance Stores	45.7	10.8% ↑	0.9% ↑	-2.3% ↓
Fast-Casual Restaurants	36.0	-22.8% ↓	-0.2% ↓	-0.8% ↓
Family Apparel	32.7	-20.4% ↓	3.5% ↑	3.7% ↑

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