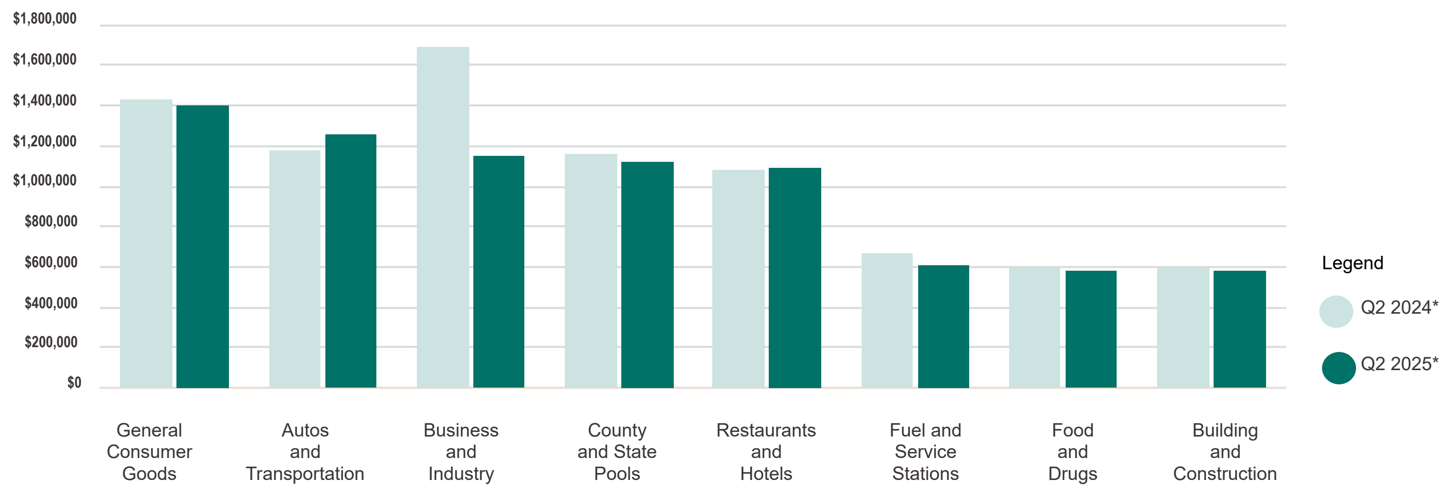
CITY OF MORENO VALLEY
SALES TAX UPDATE
2Q 2025 (APRIL - JUNE)

MORENO VALLEY	-7.2%	-1.6%	0.5%
TOTAL: $ 7,801,468	2Q2025	COUNTY	STATE

Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF MORENO VALLEY HIGHLIGHTS

Moreno Valley's receipts from April through June were 4.0% below the second sales period in 2024. Excluding reporting aberrations, actual sales were down 7.2%.

Uncertainty amidst proposed tariffs led to market volatility during the quarter as the news changed frequently related to timing and future economic growth. Consumer confidence further eroded to the lowest level in recent years resulting in reduced spending in multiple categories.

Home furnishings and specialty stores led the declines in general consumer goods which has seen multiple quarters of negative returns with consumers more selective in their spending. Many have shifted to seeking bargains online via ecommerce with general merchandise or fast fashion options. Business-industrial sales cratered with a key segment reporting lower sales and last year, trailers-auto-parts reported a one-time investment.

Outpacing the regional and state trends, the automotive group continued to surge with new car purchases and dealer incentives being offered. Customers may like the lower gas prices to fill up their vehicle, but it meant a reduction in fuel-service station receipts.

Increased menu pricing helped restaurants deliver a modest gain in receipts, even with a closure in the casual dining segment.

Net of aberrations, taxable sales for all of Riverside County declined 1.6% over the comparable time period; the Southern California region was flat.

TOP 25 PRODUCERS

- 7 Eleven
- Amazon Fulfillment Center ONT6
- Amazon MFA
- Car Pros Kia
- Chevron
- Circle K
- Costco
- Decker Brand
- Dollar Tree
- Food 4 Less
- Home Depot
- Lowes
- Macy's
- Moss Bros Chevrolet
- Moss Bros Chrysler Jeep Dodge Ram Fiat
- Moss Bros Gmc
- Moss Bros Honda
- Moss Bros Toyota
- Premier Hyundai Of Moreno Valley
- Robertsons Ready Mix
- Ross
- Stater Bros
- Target
- TJ Maxx/Home Goods
- Walmart Supercenter

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.

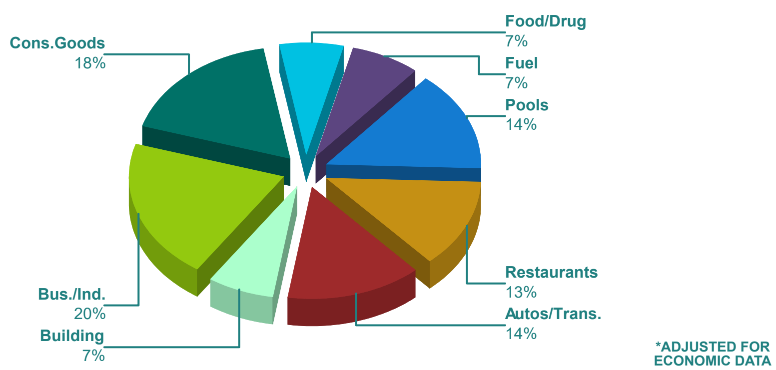
The two sectors primed to take advantage of upcoming interest rate changes, autos-transportation and building-construction, only experienced lackluster returns this period. New auto sales declined, offsetting gains in used vehicles and leasing, while building material sales remained unchanged from a 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
Moreno Valley This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Moreno Valley Business Type	Q2 '25*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	956.4	6.1%	-1.3%	-2.3%
Fulfillment Centers	919.0	-38.8%	1.4%	9.5%
Service Stations	609.0	-9.1%	-8.5%	-9.4%
Quick-Service Restaurants	533.3	-2.1%	1.1%	-0.7%
Building Materials	441.4	-1.8%	-1.0%	-0.9%
Casual Dining	404.4	2.3%	0.5%	1.4%
Grocery Stores	343.9	1.5%	-1.1%	-0.2%
Family Apparel	199.1	-4.6%	-0.2%	1.4%
Fast-Casual Restaurants	122.9	5.5%	0.8%	-1.6%
Automotive Supply Stores	111.9	-1.4%	-1.4%	-3.5%

Allocation aberrations have been adjusted to reflect sales activity

**In thousands of dollars*