

# CITY OF POWAY

## SALES TAX UPDATE

### 1Q 2025 (JANUARY - MARCH)



**POWAY**

TOTAL: \$ 4,093,046

2.5%  
1Q2025



0.3%  
COUNTY

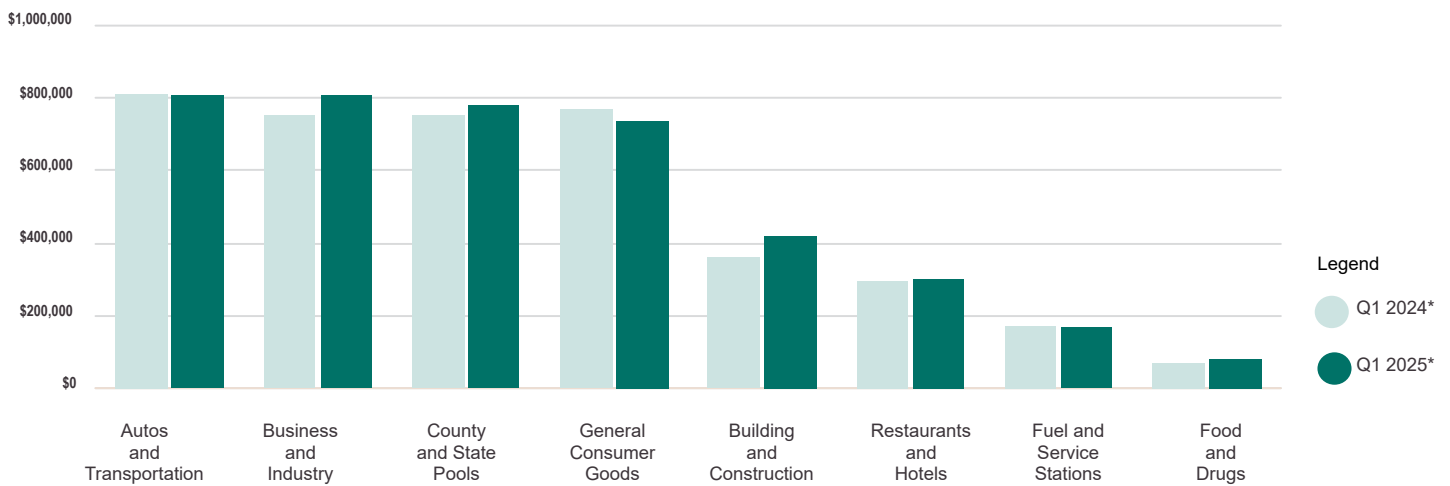


0.3%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF POWAY HIGHLIGHTS

From January through March, Poway's sales tax receipts were 0.5 percent lower than during the same period in 2024. After adjusting for reporting anomalies, including a one-time payment correction, actual sales increased by 2.5 percent.

The primary driver of this growth was a surge in tax contributions from local suppliers in the business-industrial and building and construction materials sectors. This was supported by the addition of a new company and increased use-tax receipts from equipment purchases delivered for use within the City.

New business openings also helped boost returns from grocery stores. Additionally, allocations from the countywide use-tax pool benefited

from the continued growth of online shopping.

In contrast, lower fuel prices led to a decline in tax revenue from service stations. Retail sales also softened as consumers became more cautious in response to growing economic uncertainty.

Across San Diego County, taxable sales excluding anomalies rose by 0.3 percent compared to the same period last year. The broader Southern California region remained unchanged.



### TOP 25 PRODUCERS

Aaron Ford of Poway	Poway Honda
Bay City Electric Works	Rivian
Chef Works	Sysco Food Services
Circle K	Target
Costco	Technology Integration Group
Dugmore Duncan	Toyota of Poway
Ferguson Waterworks	United Oil
General Atomics Aeronautical	Walmart Supercenter
Hallmark Circuits	
Home Depot	
Home Goods	
Lowe's	
Maintex	
Mobile Mini	
Mossy Nissan	
Pedder Chrysler Dodge Ram	
Pedder Hyundai of Poway	



## STATEWIDE RESULTS

California’s local one-cent sales and use tax receipts for January through March 2025 increased by 0.34% compared to the same quarter in 2024, after adjusting for accounting anomalies. While this modest growth may signal the end of an eight-quarter decline, it could be temporary, as the broader economy remains on the edge between recovery and further slowdown.

The first quarter is traditionally the lowest sales tax-generating period of the year, often influenced by seasonal weather and post-holiday consumer behavior.

Notably, the autos-transportation and building-construction sectors—both of which had been dragging down statewide results over the past two years—showed the strongest rebounds this quarter. In the autos sector, used car sales and leasing activity led the recovery. Consumers are increasingly opting for more affordable vehicles and shorter-term commitments, moving away from high-end purchases. In construction, pent-up demand for repairs and improvements, especially in weather-affected and wildfire-damaged areas like Southern California, drove strong sales for building material suppliers.

Other segments generating modest growth included business-industry and countywide use tax pools, largely due to continued strength in online sales. Sales of goods already in California before purchase are reported under business-industry fulfillment centers. Goods shipped from outside the state are reported under county pools, based on the destination of the out-of-state shipment. Online shopping remains a preferred option for value-conscious consumers, contributing significantly to tax receipts in these categories.

Calendar year 2024 saw a decline in fuel-

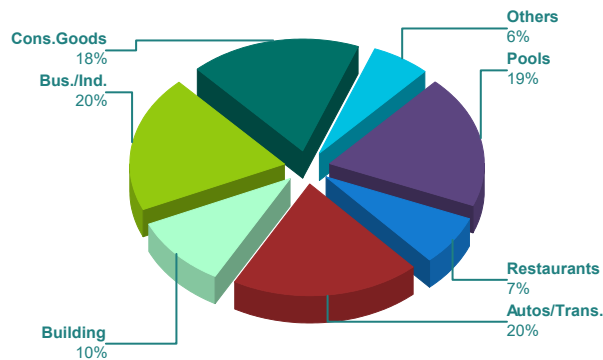
related tax receipts due to lower global crude oil prices—a trend that continued into 1Q 2025. Fuel-related returns dropped by 5%. This decline also affected general consumer goods, as large retailers that sell fuel typically report all sales under a single taxpayer ID. As a result, brick-and-mortar merchants such as post-holiday family apparel stores, winter sporting goods vendors and closures of variety stores contributed to weaker performance.

Although food-drugs is the smallest of the eight tax groupings, it was significant that cannabis returns continued a downturn trend that has been ongoing for over two years. Bankruptcies, customer shopping

alternatives and oversaturation of retail footprint diminished taxes coming from drug stores.

As 2025 begins, sales tax returns remain modest, reflecting broader economic volatility. Key factors influencing our outlook include: ongoing national tariff and trade negotiations and decisions on the federal funds rate - which directly affect consumer interest rates. Recent Middle East conflicts, which temporarily spiked crude oil prices and threatened local gas prices during the summer, will be a short-term concern. In summary, “uncertainty” remains the most accurate descriptor of California’s current and future economic climate.

### REVENUE BY BUSINESS GROUP Poway This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Poway Business Type	Q1 '25*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	625.6	-0.3% ↓	-0.1% ↓	-0.6% ↓
Electrical Equipment	275.2	2.4% ↑	8.5% ↑	16.0% ↑
Building Materials	225.5	12.3% ↑	4.3% ↑	3.8% ↑
Service Stations	164.7	-5.3% ↓	-4.7% ↓	-5.8% ↓
Casual Dining	124.3	4.1% ↑	2.5% ↑	1.3% ↑
Quick-Service Restaurants	111.6	0.1% ↑	-0.2% ↓	-0.9% ↓
Auto Repair Shops	60.0	6.1% ↑	-1.6% ↓	-5.1% ↓
Grocery Stores	53.2	25.7% ↑	-1.2% ↓	-0.8% ↓
Light Industrial/Printers	53.1	25.3% ↑	2.6% ↑	-2.8% ↓
Contractors	49.9	66.5% ↑	3.2% ↑	1.2% ↑

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\*In thousands of dollars