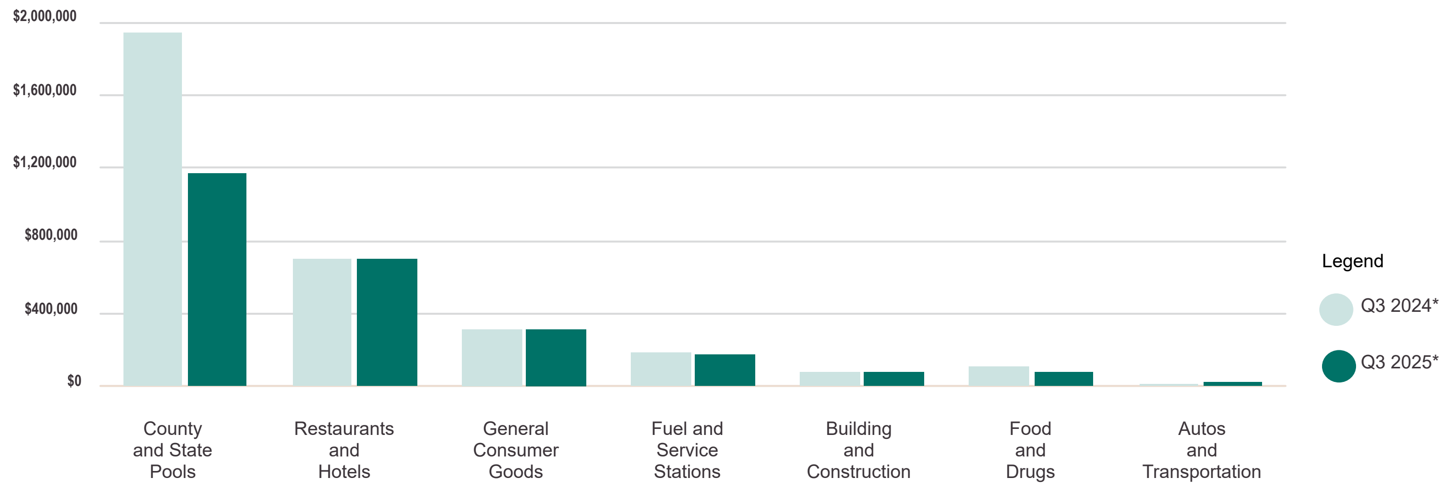
CITY OF CUPERTINO
SALES TAX UPDATE
3Q 2025 (JULY - SEPTEMBER)

CUPERTINO

CUPERTINO TOTAL: $ 5,702,613	-15.5% 3Q2025 ↓	2.8% COUNTY ↑	1.9% STATE ↑

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF CUPERTINO HIGHLIGHTS

Cupertino's gross receipts from July – September 2025 were down 43.9% compared to the third sales period in 2024. After adjusting for reporting modifications from audit adjustments (payments received during the period, but attributed to prior quarters) and a number of delayed payments, actual sales landed 15.5% lower. Results were mixed across tax groups.

Impacts from a CDTFA taxpayer audit impacted countywide use tax pool allocations, which are computed on quarterly point of sale totals for each agency in Santa Clara County; the City's cash decrease noted above computed a large reduction in its share of the pool.

General retail dipped 2% as couple closed businesses and a one-time taxpayer payment last year contributed to the comparative decline. Similar to statewide results, the fluctuating price of crude oil directly affected fuel-service station receipts – with revenues falling 4.9%. Health department issues caused a grocery store's temporary closure, pushing food-drugs returns lower.

On the positive, restaurants-hotels barely edged into positive territory, with gains in fast casual dining offsetting declines in casual dining and other sectors – indicating a softening in spending by consumers. Building-construction related spending jumped 11.6% during the summer months with improvement project spending.

Net of adjustments, taxable sales for all of Santa Clara County grew 2.8% over the comparable time period; the Bay Area was up 2.0%.

TOP 25 PRODUCERS

- 99 Ranch Market
- Alexander's Steak House
- Apple
- Argonaut Window & Door
- Aria Gas And Market
- Benihana
- BJ's Restaurant & Brewhouse
- California Dental Arts
- Chevron
- Cupertino Car Wash 76
- Dish N Dash
- Galpao Gaucho
- Great Gas Cupertino
- Haidilao Hot Pot
- Insight Direct USA
- Insight Public Sector
- Kura Revolving Sushi Bar
- Lazy Dog Cafe
- PGA Tour Superstore
- Rotten Robbie
- Safeway
- Shane Company
- Siam Station
- Target
- TJ Maxx

STATEWIDE RESULTS

California's local one-cent sales and use tax receipts for July through September were 1.8% 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.

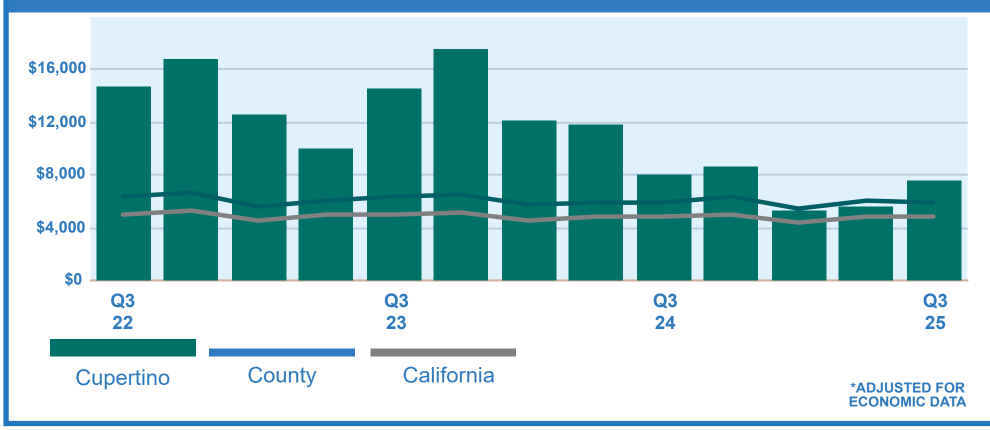
Offsetting positive results was a decline in revenue from fuel/service stations—marking the 10th out of the last 11 quarters with negative year-over-year change. This trend is largely tied to West Texas Intermediate (WTI) crude oil prices, which hit their lowest monthly levels since 2021. While lower 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.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Cupertino Business Type	Q3 '25*	Change	County Change	HdL State Change
Casual Dining	454.2	-2.0%	5.2%	0.7%
Service Stations	173.9	-4.9%	-4.1%	-5.7%
Fast-Casual Restaurants	92.4	3.9%	5.8%	-2.8%
Quick-Service Restaurants	80.8	5.8%	0.7%	-1.8%
Family Apparel	65.3	2.2%	9.2%	2.9%
Grocery Stores	58.9	-28.5%	-3.0%	-3.1%
Sporting Goods/Bike Stores	32.1	-0.6%	1.7%	-4.4%
Specialty Stores	23.6	-28.3%	2.6%	-3.1%
Home Furnishings	19.1	15.8%	4.2%	1.6%
Garden/Agricultural Supplies	16.3	4.8%	-12.9%	-1.1%

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars