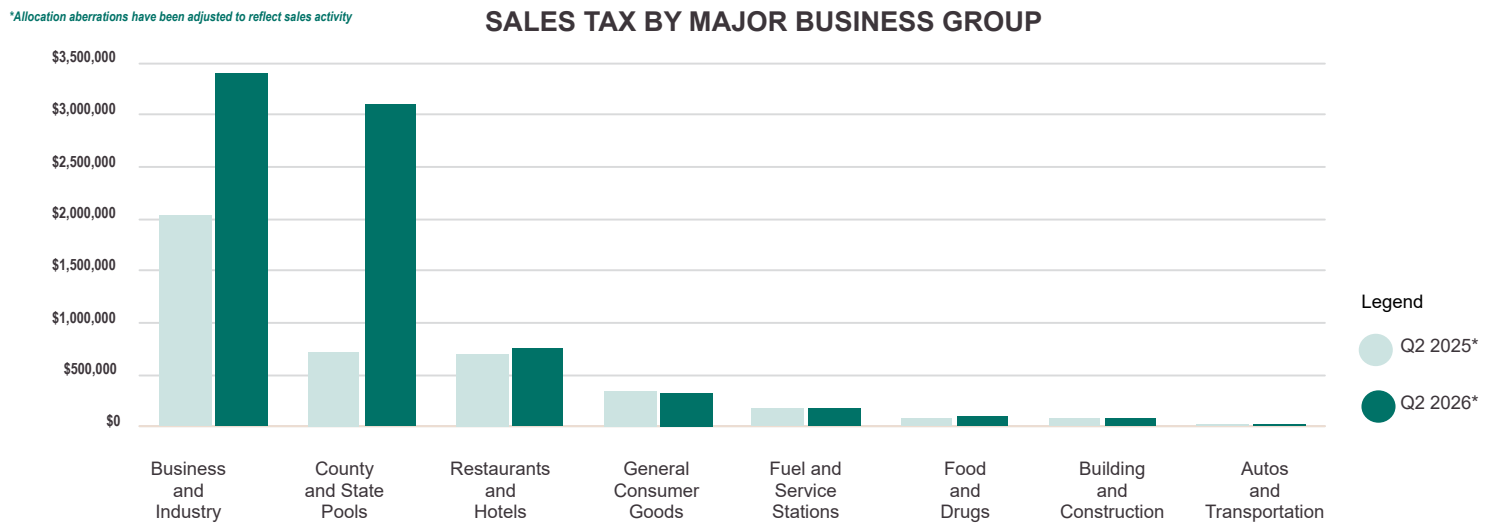
CITY OF CUPERTINO
SALES TAX UPDATE
2Q 2026 (APRIL - JUNE)

CUPERTINO	90.9%	2.8%	5.9%
TOTAL: $ 7,930,215	2Q2026	COUNTY	STATE

*Allocation aberrations have been adjusted to reflect sales activity



CITY OF CUPERTINO HIGHLIGHTS

Cupertino's gross (cash) receipts from April – June 2026 were a dramatic 296.7% higher compared to the second sales period in 2025. However, after adjusting for reporting modifications from audit corrections and delayed payments, actual sales landed up 90.9%.

The large quarterly cash increase is attributed to the countywide use tax pool allocation, which is 334.2% larger than last year due to a substantial taxpayer audit correction (currently under review). The payment is adjusted back to the prior period in which the error occurred, thereby reducing the net growth.

However, significant gains in several business-industry sectors pushed receipts up 67.5%, which also contributed to the jump in pool revenues and overall sales tax returns.

Casual and quick-service dining led the increases in the restaurants-hotels group as people enjoyed the convenience of dining out. Grocery sales improved with a business reopening after a temporary closure last year.

Conversely, general retail slumped 7.8%, with declines in family apparel, specialty and sporting goods/bike stores contributing to the result. While the price of fuel spiked with the commencement of the Iran War, a service station closure pushed receipts down for the quarter. Autos-transportation and building-construction related purchases also dipped compared to last year.

Net of adjustments, taxable sales for all of Santa Clara County grew 2.8% over the comparable time period; the Bay Area was up 6.2%.

TOP 25 PRODUCERS

Alexander's Steak House
Amazon Data Services
Apple
Argonaut Window & Door
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
Lazy Dog Restaurant & Bar
Pga Tour Superstore
Rotten Robbie
Safeway
Shane Co.
Siam Station
Target
TJ Maxx
Valero
Whole Foods Market

HdL Companies
Published by HdL Companies in Fall 2026

STATEWIDE RESULTS

California's local one cent sales and use tax receipts posted vibrant growth during the second quarter, reflecting sustained consumer behavior ahead of potential economic headwinds. For the months of April through June, revenues increased 5.9% from the year ago quarter after adjusting for accounting anomalies.

Strong consumer spending patterns that began in the first quarter continued through the current period. This activity aligns with the income tax refund timeline, reportedly 11% higher than 2025, beginning of summer tourism and larger inflation factors propelling the economy forward.

Similar to last quarter, online retailers and brick and mortar merchants continued to surge over last year far exceeding expectations. E-commerce remains the platform of choice providing convenience, broad product availability, and flexible payment options – benefitting the business-industry sector and allocations via the countywide use tax pool. Multiple apparel merchants and discount department stores, especially those selling fuel, boosted general consumer goods the most.

Sustained tensions in the Middle East kept West Texas Intermediate (WTI) crude oil prices above $100 per barrel to start off the travel season, pushing local gas prices higher and revenue from service stations up 18% more than one year ago. With refinery closures in both Northern and Southern California regions compounding supply pressures, all signs indicate higher prices through the remainder of summer.

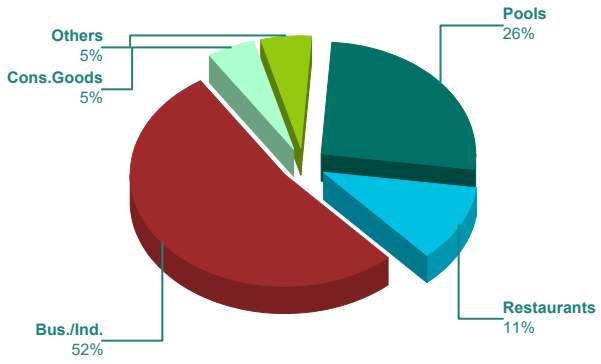
Restaurant sales taxes rose again, experiencing an additional uptick from World Cup activities and seasonal tourism. While operators reported continual pressure from rising costs that influenced customer behavior like visit frequency and alcohol purchases, gains by all types of eateries signal unwavering resolve to dining out. Even with additional sporting events on the horizon, unfavorable economic conditions could constrain growth.

Autos-transportation returns also exceeded expectations this quarter, supported by higher-income consumers, who now account for more than half of new vehicle purchases and benefitted from recent tax cuts and equity market gains. Hybrids continued to gain share as fuel prices increased, while electric vehicle sales also improved.

Recently, the Federal Reserve moved interest rates higher with a stated goal of slowing inflation and cooling economic growth. This action should temper short-term growth prospects especially from sectors requiring long-term financing like autos and building-construction. As gas prices average above $6 per gallon during peak summer months, consumers may further curb discretionary-type spending heading into the holiday shopping season.

REVENUE BY BUSINESS GROUP

Cupertino This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Business Type	Q2 '26*	Cupertino Change	County Change	HdL State Change
Casual Dining	500.4	12.2% ↑	6.9% ↑	4.2% ↑
Service Stations	173.1	-4.2% ↓	9.1% ↑	14.6% ↑
Quick-Service Restaurants	87.0	5.1% ↑	3.7% ↑	1.8% ↑
Fast-Casual Restaurants	86.6	-7.2% ↓	6.4% ↑	3.9% ↑
Grocery Stores	74.4	22.9% ↑	-2.7% ↓	-0.2% ↓
Family Apparel	69.1	6.4% ↑	9.3% ↑	5.6% ↑
Sporting Goods/Bike Stores	35.6	-9.8% ↓	3.0% ↑	-0.7% ↓
Garden/Agricultural Supplies	26.2	-8.1% ↓	7.7% ↑	-8.7% ↓
Specialty Stores	23.8	-18.8% ↓	1.6% ↑	1.2% ↑
Paint/Glass/Wallpaper	17.1	23.4% ↑	0.5% ↑	-0.2% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars