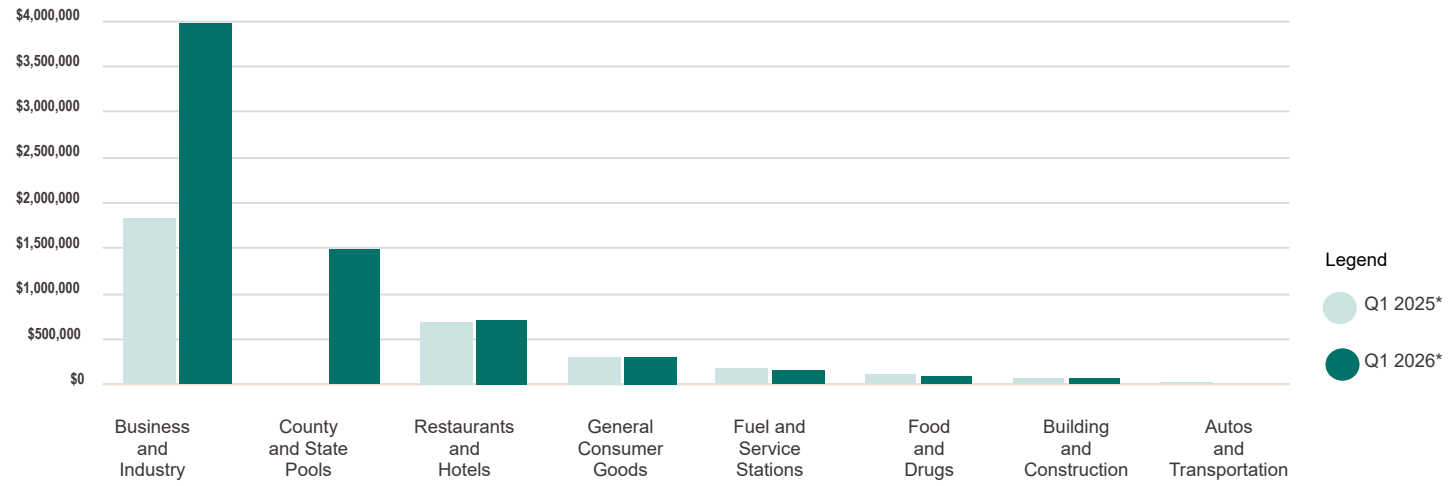
CITY OF CUPERTINO
SALES TAX UPDATE
1Q 2026 (JANUARY - MARCH)

CUPERTINO	113.1%	0.1%	4.0%
TOTAL: $ 6,799,231	1Q2026	COUNTY	STATE

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF CUPERTINO HIGHLIGHTS

Cupertino's receipts from January through March were 233.0% above the first sales period in 2025. Excluding reporting aberrations, actual sales were up 113.1%.

A sizeable year ago audit correction reversed taxes paid to the City in prior quarters; explains the extraordinary spike in cash comparisons. Related, this action prevented a 1Q25 pool's payment; the current pool allocation shown above is in line with historical patterns.

The addition of a taxpayer, robust demand for technology related equipment caused a 117% surge in business-industry. Casual and fine dining, along with quick service venues, all reported better filings for the restaurant's category.

Specialty stores suffered location closures while spending on family apparel improved; overall, general consumer goods fell 2%. Temporary shuttering of a gas station outweighed fuel price spikes late in the quarter triggered by world conflicts; thus, a decrease of 7% by service stations.

Net of aberrations, taxable sales for all of Santa Clara County were flat over the comparable time period; the Bay Area was up 3.5%.

TOP 25 PRODUCERS

99 Ranch Market
Alexander's Steak House
Apple
Apple Procurement Company
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 Cafe
Mirapath
Rotten Robbie
Safeway
Shane Co.
Siam Station
Target
TJ Maxx
Whole Foods Market

STATEWIDE RESULTS

California's local one cent sales and use tax receipts posted moderate growth during the first quarter, reflecting resilient consumer behavior despite persistent economic headwinds. For the months of January through March, revenues increased 4% from the year ago quarter after adjusting for accounting anomalies.

Strong consumer spending patterns did not falter and was the main reason of growth, partially enhanced by larger-than-expected income tax refunds. Both online retailers and brick and mortar merchants experienced dynamic changes over last year that far exceed 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. Family apparel and discount department stores both boosted general consumer goods the most, with a slight bump in gas prices further pushing returns from multiple vendors.

Patronage at restaurants resulted in a 4.2% year over year jump. With demand constrained due to increasing price-sensitivity and slower foot traffic, gains by all types of eateries signaled underlying resolve to dine out. Temporary events further contributed to the positive outcome – Southern California wildfires hindered 2025 and the Super Bowl lifting 2026.

The first quarter also included the initial impacts of elevated tensions in the Middle East which drove West Texas Intermediate crude oil prices above $95 per barrel. This had an immediate impact on local gas prices resulting in a modest bump to receipts from gas stations and created large amounts of uncertainty. At the time of writing, the conflict appears to have subsided with the Strait of Hurmuz reopened reducing the possibility of future strain.

Autos-transportation posted a nominal gain in first quarter 2026, as higher average transaction prices offset weaker unit sales. These price increases reflected tariff impacts reaching consumers after months of absorption by automakers, along with rising material costs. As in the prior quarter, the transition to the new DMV payment system for used vehicle dealers under AB 85 modestly reduced cash receipts, with adjustments still pending.

Overall, the short-term outlook remains cautiously optimistic. Normal consumer spending combined with multiple host sites of World Cup matches and corresponding tourism should sustain growth, albeit varied regionally. The Middle East conflict temporarily resulted in $6 per gallon average peak pricing during the start of the summer months. The forecast is coupled with a national inflation rate that anticipates an upward trend leaving little room for the Federal Reserve to alter interest rates in a favorable way for consumers, potentially slowing down the retail economy.

SALES TAX RATE BREAKDOWN 9.75%

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
Santa Clara Co. Transportation Authority (VTA) (SCVT)	0.5000%
Santa Clara County Transit (SCCT)	0.5000%
Santa Clara County VTA BART Operating & Maintenance Transactions and Use Tax (SVTB)	0.1250%
Santa Clara Co. Measure A (SCCR)	0.1250%
Santa Clara County SV Transporation Solution Tax (SVTS)	0.5000%
Santa Clara County Measure RR (JPBT)	0.1250%
Santa Clara County 2026 Retail Transactions Tax Measure A (sccc)	0.6250%
Tax Rate Effective April 01, 2026	**9.7500%**

TOP NON-CONFIDENTIAL BUSINESS TYPES

Business Type	Q1 '26*	Cupertino Change	County Change	HdL State Change
Casual Dining	474.1	4.3% ↑	5.5% ↑	4.0% ↑
Service Stations	153.9	-6.9% ↓	0.8% ↑	1.0% ↑
Quick-Service Restaurants	85.5	11.1% ↑	5.4% ↑	1.9% ↑
Fast-Casual Restaurants	81.0	-2.9% ↓	9.2% ↑	3.9% ↑
Grocery Stores	74.0	-13.4% ↓	-4.2% ↓	-1.0% ↓
Family Apparel	64.6	8.8% ↑	14.7% ↑	11.1% ↑
Sporting Goods/Bike Stores	25.0	-3.9% ↓	3.4% ↑	0.4% ↑
Specialty Stores	23.4	-41.5% ↓	-2.9% ↓	-1.9% ↓
Garden/Agricultural Supplies	18.2	9.7% ↑	18.5% ↑	1.5% ↑
Home Furnishings	14.9	-0.6% ↓	1.8% ↑	-1.8% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars