

CITY OF UPLAND

SALES TAX UPDATE

1Q 2021 (JANUARY - MARCH)



UPLAND

TOTAL: \$ 3,905,655

23.3%
1Q2021



23.2%
COUNTY

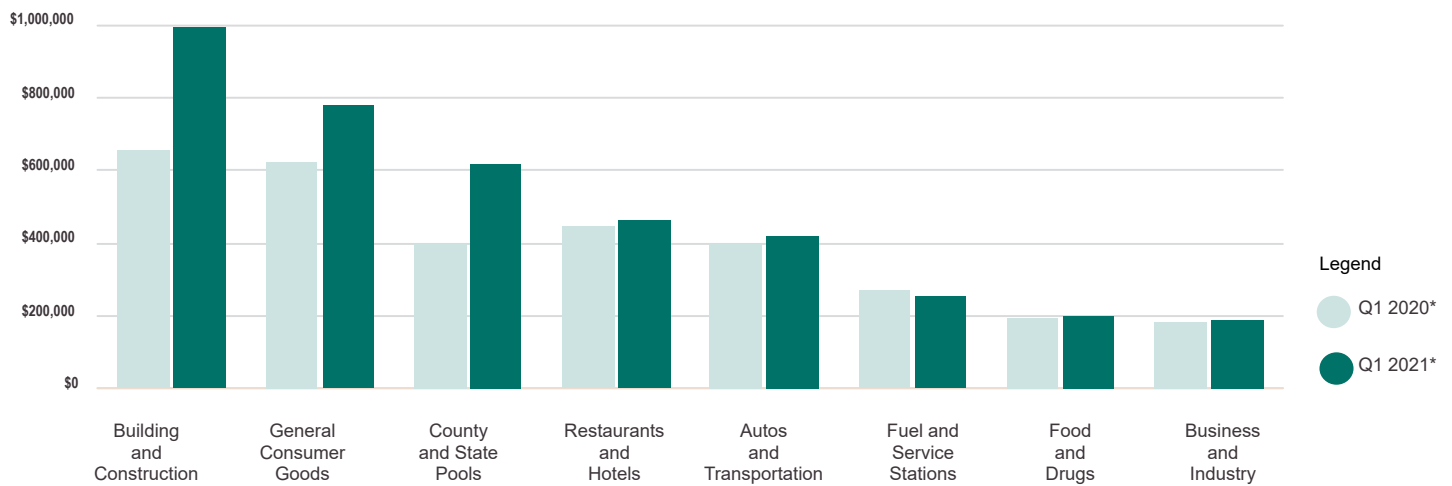


9.5%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF UPLAND HIGHLIGHTS

Upland's receipts from January through March were 62.6% above the first sales period in 2020. However, due to the deferral of tax payments a year ago this comparison was temporarily exaggerated. Excluding reporting aberrations, actual sales were up 23.3%.

Greater distribution of the Covid-19 vaccine, reopening of the economy and initial pandemic impacts reflected in the comparison period, the City experienced solid overall growth.

With the current stable housing market supported by favorable interest rates and reinvestments returning to the commercial property sector, building-construction suppliers experienced strong growth.

Brick and mortar general consumer stores also saw steady improvement

with specialty and sporting goods retailers and family apparel merchants leading the way.

Gains from the countywide use tax pool continues to be a bright spot. With more online purchases being made and a greater number of out-of-state retailers collecting and remitting local sales tax, the City's share grew 53% compared to a year ago.

As expected, reduced commuter frequency continues holding service stations lower.

Net of aberrations, taxable sales for all of San Bernardino County grew 23.2% over the comparable time period; the Southern California region was up 9.0%.



TOP 25 PRODUCERS

- Arco AM PM
- BevMo
- Burlington
- Chevron
- Chick Fil A
- CVS Pharmacy
- Dick's Sporting Goods
- Euclid Arco
- Ford of Upland
- Hobby Lobby
- Holiday Rock
- Home Depot
- In N Out Burger
- Kohls
- Lowes
- Marshalls
- Mountain View Chevrolet
- Nordstrom Rack
- Ross

- Shell
- Stater Bros
- Target
- TJ Maxx
- Vons Fuel
- Walmart



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions. Changes in business structure required a

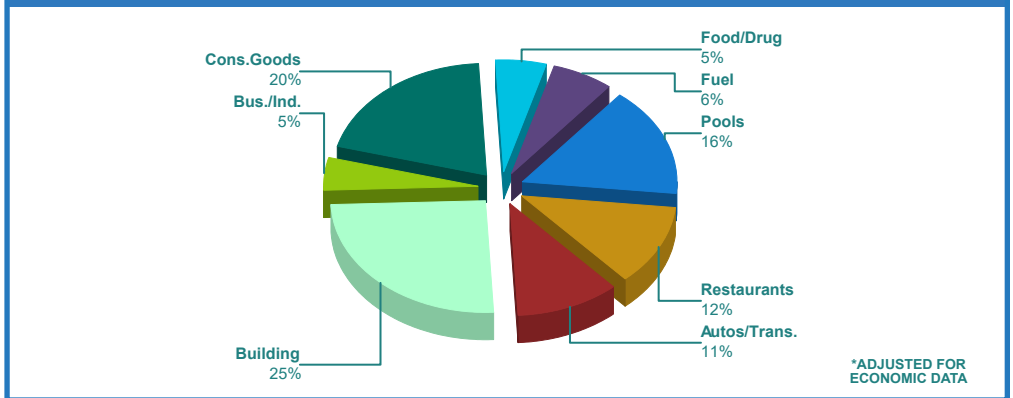
taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

Although indoor dining was available in many counties, the recovery for restaurants

and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

REVENUE BY BUSINESS GROUP
Upland This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q1 '21*	Change	County Change	HdL State Change
Building Materials	472.3	24.7% ↑	23.3% ↑	19.0% ↑
Quick-Service Restaurants	252.0	11.2% ↑	15.5% ↑	1.0% ↑
Service Stations	249.9	-6.6% ↓	6.0% ↑	-4.0% ↓
Casual Dining	135.8	-12.1% ↓	-11.2% ↓	-18.9% ↓
Family Apparel	119.1	71.8% ↑	41.4% ↑	20.5% ↑
Specialty Stores	112.7	25.1% ↑	16.3% ↑	9.0% ↑
Grocery Stores	96.8	-3.2% ↓	3.1% ↑	-6.2% ↓
Sporting Goods/Bike Stores	80.2	91.7% ↑	50.4% ↑	33.3% ↑
Fast-Casual Restaurants	69.4	22.7% ↑	15.7% ↑	1.1% ↑
Convenience Stores/Liquor	67.4	18.5% ↑	17.4% ↑	11.1% ↑

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars