

CITY OF UPLAND

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



UPLAND

TOTAL: \$ 4,515,088

15.4%
3Q2021



20.6%
COUNTY

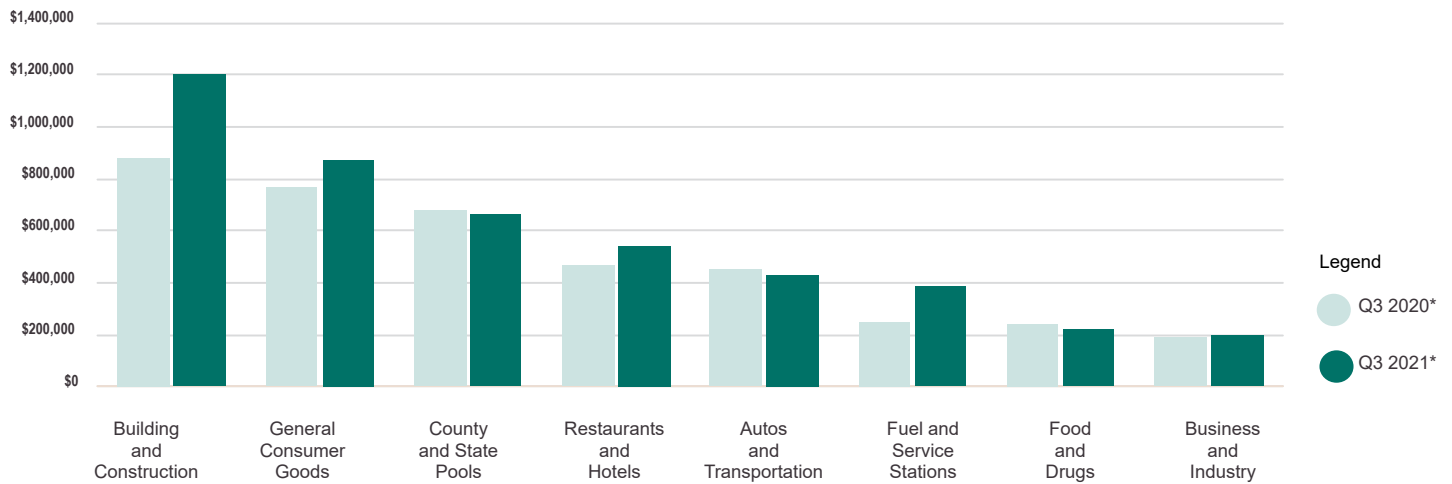


18.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF UPLAND HIGHLIGHTS

Upland's receipts from July through September were 16.6% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 15.4%.

The largest factor in this improvement was a 37% surge in tax payments from building and construction suppliers.

Receipts from local service stations also rebounded 59% as the price of gasoline spiked above \$4.50 per gallon and as consumers drove more than they did last year during the lockdown. Casual restaurants improved by 39% compared to last year, a time when many eateries were closed for indoor seating. This year, many newly vaccinated consumers were eager to leave the house and dine out again.

Several new store openings in Upland contributed to the 15% increase in

revenue reported by general consumer goods retailers. Family apparel stores also benefited from back-to-school spending after a year of remote learning. Consumers have also been spending more of their paycheck on tangible goods, rather than on services, compared to before the Covid-19 crisis began.

Net of aberrations, taxable sales for all of San Bernardino County grew 20.6% over the comparable time period; the Southern California region was up 20.0%.



TOP 25 PRODUCERS

- | | |
|--------------------------|-------------|
| Analytik Jena | Shell |
| BevMo | Stater Bros |
| Chevron | Target |
| Chick Fil A | Thrifty |
| Circle K | TJ Maxx |
| Crossroads Travel Center | Vons Fuel |
| Dick's Sporting Goods | Walmart |
| Euclid Arco | |
| Ford of Upland | |
| Holiday Rock | |
| Home Depot | |
| In N Out Burger | |
| Kohls | |
| Lowes | |
| Marshalls | |
| Mountain View Chevrolet | |
| Nordstrom Rack | |
| Ross | |



STATEWIDE RESULTS

Local one cent sales and use tax receipts for sales occurring July through September were 18% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These aberrations had been much greater than normal in the last two years as the Governor’s Executive Orders allowed businesses to defer some sales tax payments as a supportive measure during the pandemic. This program has now expired, and merchant remittances are more consistent, making cash receipts more reflective of underlying economic activity.

The prior year comparison quarter was the start of the pandemic recovery, and the strong growth enjoyed since continued with the recent results.

Surprisingly, one of the stronger sectors has been restaurants and hotels. Originally forecasted to take an extended amount of time to recover, statewide sales tax generated during the summer months exceeded amounts from pre-pandemic 2019. Even with the availability of indoor and outdoor dining, pent up demand resulted in long wait times to enjoy local culinary experiences. When combined with increasing restaurant tabs as the cost of food and staff wages surge, sales tax remittances are expected to continue growing. Additionally, while the industry awaits the return of foreign tourism in metropolitan areas, strong domestic travel has helped varied regions around the state especially Southern California and the Central Coast.

Receipts from general consumer goods marked a steady recovery, led by apparel retailers, jewelry, electronic/appliance and specialty outlets. Discount department stores, especially those selling gas, helped exemplify the strength of brick-and-mortar

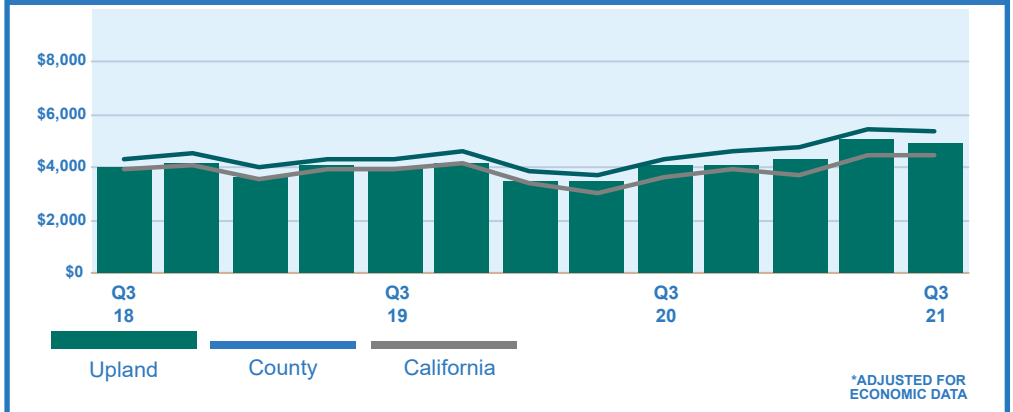
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome sign leading up to the holiday shopping period.

Although car dealers had expressed concerns about inventory shortages due to supply chain disruptions and computer chip shortages earlier in the year, the sale of new and used vehicles posted solid gains regardless. Higher property values and good weather contributed to strong building

materials and contractor returns. As commuting workers and travelers returned to the road with increased gas prices, fuel and service stations also experienced a dramatic recovery.

Overall growth is expected to continue through the end of the 2021 calendar year. Possible headwinds into 2022 include: pent up demand for travel and experiences shifting spending away from taxable goods; higher prices for fuel, merchandise and services displacing more of consumer’s disposable income; and expected interest rate hikes resulting in more costly financing for automobiles, homes, and consumer loans.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q3 '21*	Change	County Change	HdL State Change
Building Materials	506.0	-1.7% ↓	2.9% ↑	5.4% ↑
Service Stations	384.7	55.0% ↑	56.8% ↑	53.5% ↑
Quick-Service Restaurants	270.4	4.0% ↑	7.7% ↑	13.5% ↑
Casual Dining	190.6	42.3% ↑	73.4% ↑	68.4% ↑
Specialty Stores	137.6	29.8% ↑	18.4% ↑	21.4% ↑
Family Apparel	134.7	39.3% ↑	39.4% ↑	38.9% ↑
Grocery Stores	103.5	-2.9% ↓	3.9% ↑	-0.2% ↓
Sporting Goods/Bike Stores	90.8	28.9% ↑	3.7% ↑	2.3% ↑
Convenience Stores/Liquor	75.9	-21.4% ↓	-1.2% ↓	-0.3% ↓
Fast-Casual Restaurants	72.7	15.8% ↑	13.2% ↑	18.8% ↑

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*In thousands of dollars