

CITY OF UPLAND

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



UPLAND

TOTAL: \$ 4,470,419

2.4%
1Q2023



-3.6%
COUNTY

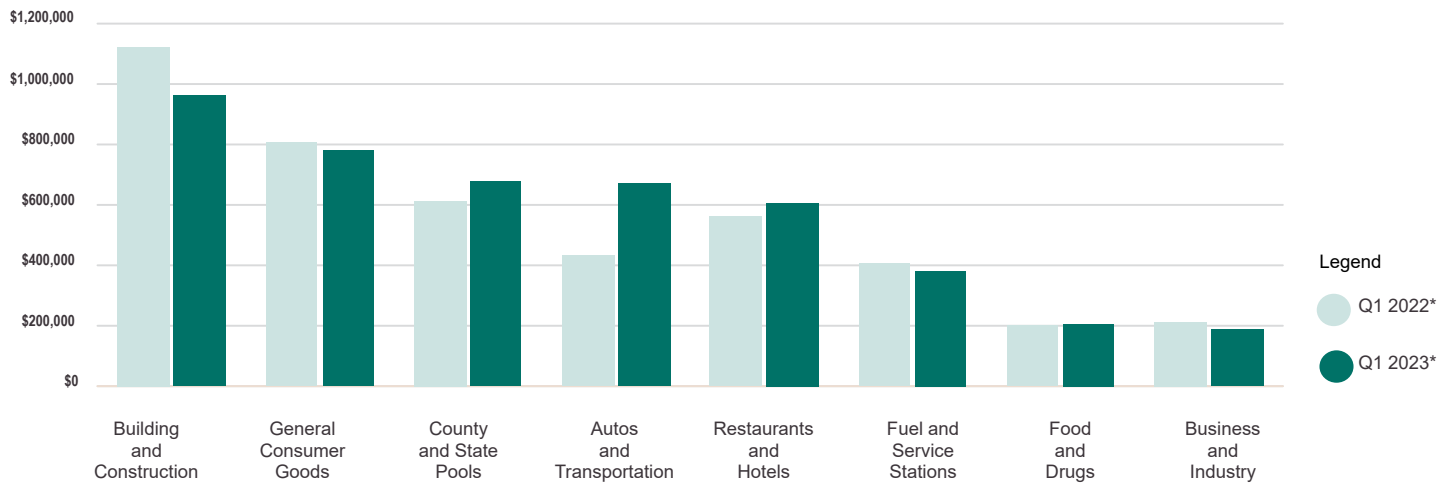


-1.1%
STATE



**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 3.2% above the first sales period in 2022. Excluding reporting aberrations, actual sales were up 2.4%.

The recent addition of a new vendor was largely responsible for the dramatic increase from autos-transportation, while spending at restaurants, especially quick-service and casual dining establishments, remained stout.

An 10.5% increased allocation from the countywide use tax pool further supported overall growth. Although the total pool amount was down compared to last year due to more tax revenue from online activity directed to the local place of sale where goods resided prior to purchase, improved results locally compared to other jurisdictions in the county helped the improved quarterly allocation.

However, consistent with the statewide trend, a drop in year-over-year lumber prices combined with wet weather conditions negatively impacted returns from the building-construction group. Also a softening of gas prices pulled fuel-service station receipts lower.

As expected during this post-holiday period, revenue from multiple general goods retailers declined as consumers begin evaluating discretionary income for purchases.

Net of aberrations, taxable sales for all of San Bernardino County declined 3.6% over the comparable time period; the Southern California region was down 0.8%.



TOP 25 PRODUCERS

- | | |
|---------------------------|--------------|
| 7 Eleven | Ross |
| Caliber Collision Centers | Stater Bros |
| Chevron | Target |
| Chick Fil A | Tesla Motors |
| Crossroads Travel Center | Thrifty |
| CVS Pharmacy | TJ Maxx |
| Dick's Sporting Goods | Vons Fuel |
| Euclid Arco | Walmart |
| Ford of Upland | |
| Holiday Rock | |
| Home Depot | |
| In N Out Burger | |
| Kohls | |
| Lowes | |
| Marshalls | |
| Mountain View Chevrolet | |
| Nordstrom Rack | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

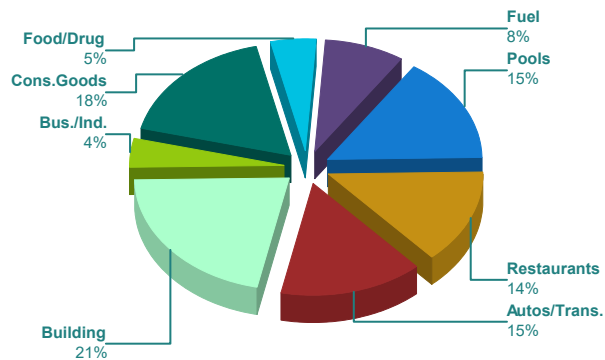
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

REVENUE BY BUSINESS GROUP Upland This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q1 '23*	Change	County Change	HdL State Change
Building Materials	429.2	-9.5% ↓	-14.0% ↓	-9.7% ↓
Service Stations	375.6	-7.3% ↓	-9.9% ↓	-9.8% ↓
Quick-Service Restaurants	287.8	7.2% ↑	3.8% ↑	5.1% ↑
Casual Dining	230.1	9.3% ↑	8.6% ↑	9.7% ↑
Specialty Stores	125.4	-1.5% ↓	1.7% ↑	3.8% ↑
Family Apparel	116.5	4.0% ↑	3.0% ↑	2.3% ↑
Grocery Stores	105.4	6.8% ↑	3.7% ↑	5.4% ↑
Sporting Goods/Bike Stores	76.5	-10.2% ↓	-5.2% ↓	-8.1% ↓
Fast-Casual Restaurants	75.2	1.7% ↑	5.3% ↑	6.4% ↑
Auto Repair Shops	74.0	4.8% ↑	3.4% ↑	5.7% ↑

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*In thousands of dollars