

CITY OF UPLAND

SALES TAX UPDATE

1Q 2025 (JANUARY - MARCH)



UPLAND

TOTAL: \$ 5,140,805

-4.4%

1Q2025



3.1%

COUNTY



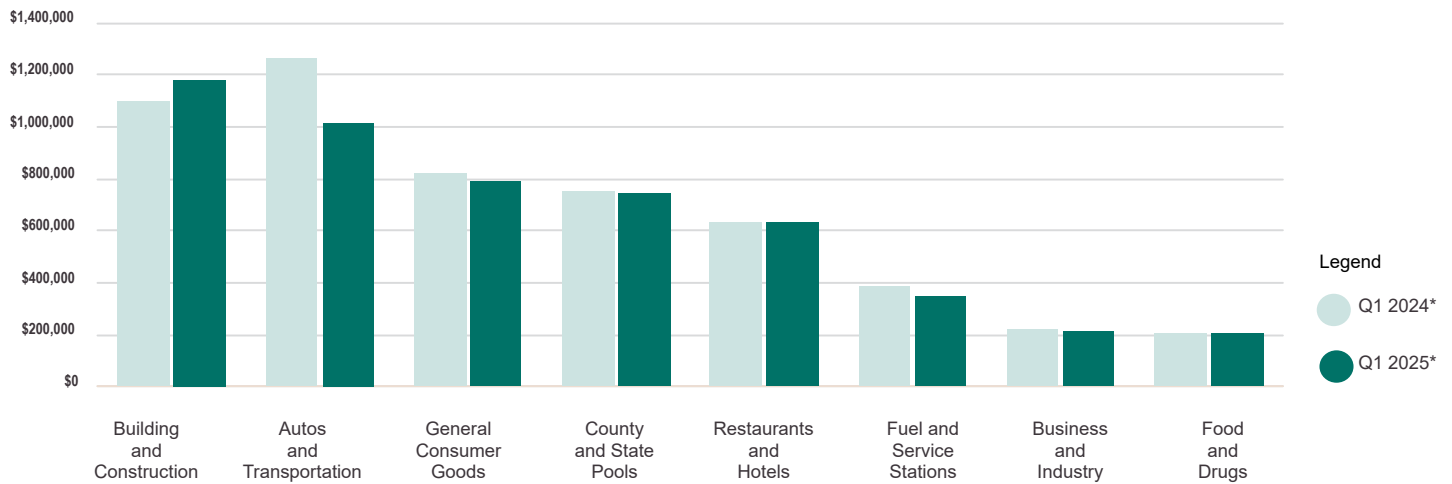
0.3%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF UPLAND HIGHLIGHTS

Upland's receipts from January through March were 4.9% below the first sales period in 2024. Excluding reporting aberrations, actual sales were down 4.3%.

A significant change in taxpayer reporting affected the new car sector. This change, which differed from previous reporting patterns, is under investigation as a potential error. Absent this gaffe, other new vehicle and used car sellers reported improved sales.

The known tightening in pump prices materialized as an 11% decline in payments by service stations. Prior year one-time filings in the medical/biotech sector, offset by large order increase for heavy industrial products, netted a 4% drop in business-industry.

National chain retailer closures over the past twelve months caused general consumer goods to fall 3%; of note,

revenues did grow in the specialty and electronics/appliances sectors.

Although San Bernardino's use taxes increased 7% thanks to strong online spending, the City's decline in cash receipts and stronger performance by other jurisdictions generated a 1% reduction in the pool allocation.

Work surges, hearty demand for job-site materials increased building-construction comparisons by 8%.

Higher menu prices coupled with recent venue openings lifted restaurants-hotels by 2%; casual dining eateries were the largest portion of the gain.

In contrast to state and county trends, drugs stores had 4% better returns.

After adjusting for anomalies, taxable sales across the Southern California region were flat.



TOP 25 PRODUCERS

- 7 Eleven
- Arco
- Caliber Collision Centers
- Chevron
- Chick Fil A
- Crossroads Travel Center
- Daniel Mechanical
- Dick's Sporting Goods
- Ford of Upland
- Holiday Rock
- Home Depot
- In N Out Burger
- Kohls
- Lowe's
- Marshalls
- Mountain View Chevrolet
- Nordstrom Rack
- Ross
- Stater Bros
- Target
- Tesla
- TJ Maxx
- True Auto Group
- Vons Fuel
- Walmart



STATEWIDE RESULTS

California’s local one-cent sales and use tax receipts for January through March 2025 increased by 0.34% compared to the same quarter in 2024, after adjusting for accounting anomalies. While this modest growth may signal the end of an eight-quarter decline, it could be temporary, as the broader economy remains on the edge between recovery and further slowdown.

The first quarter is traditionally the lowest sales tax-generating period of the year, often influenced by seasonal weather and post-holiday consumer behavior.

Notably, the autos-transportation and building-construction sectors—both of which had been dragging down statewide results over the past two years—showed the strongest rebounds this quarter. In the autos sector, used car sales and leasing activity led the recovery. Consumers are increasingly opting for more affordable vehicles and shorter-term commitments, moving away from high-end purchases. In construction, pent-up demand for repairs and improvements, especially in weather-affected and wildfire-damaged areas like Southern California, drove strong sales for building material suppliers.

Other segments generating modest growth included business-industry and countywide use tax pools, largely due to continued strength in online sales. Sales of goods already in California before purchase are reported under business-industry fulfillment centers. Goods shipped from outside the state are reported under county pools, based on the destination of the out-of-state shipment. Online shopping remains a preferred option for value-conscious consumers, contributing significantly to tax receipts in these categories.

Calendar year 2024 saw a decline in fuel-

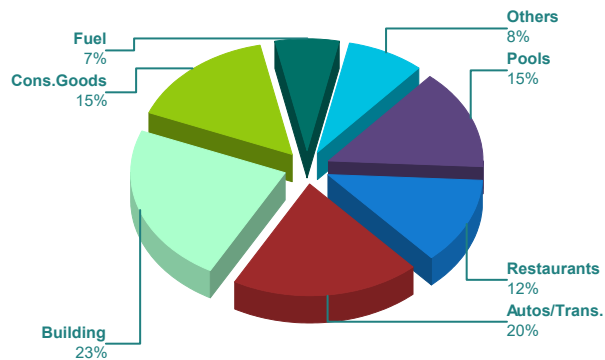
related tax receipts due to lower global crude oil prices—a trend that continued into 1Q 2025. Fuel-related returns dropped by 5%. This decline also affected general consumer goods, as large retailers that sell fuel typically report all sales under a single taxpayer ID. As a result, brick-and-mortar merchants such as post-holiday family apparel stores, winter sporting goods vendors and closures of variety stores contributed to weaker performance.

Although food-drugs is the smallest of the eight tax groupings, it was significant that cannabis returns continued a downturn trend that has been ongoing for over two years. Bankruptcies, customer shopping

alternatives and oversaturation of retail footprint diminished taxes coming from drug stores.

As 2025 begins, sales tax returns remain modest, reflecting broader economic volatility. Key factors influencing our outlook include: ongoing national tariff and trade negotiations and decisions on the federal funds rate - which directly affect consumer interest rates. Recent Middle East conflicts, which temporarily spiked crude oil prices and threatened local gas prices during the summer, will be a short-term concern. In summary, “uncertainty” remains the most accurate descriptor of California’s current and future economic climate.

REVENUE BY BUSINESS GROUP Upland This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q1 '25*	Change	County Change	HdL State Change
Building Materials	446.9	6.5% ↑	2.2% ↑	3.8% ↑
Service Stations	341.9	-11.0% ↓	-7.6% ↓	-5.8% ↓
Quick-Service Restaurants	300.5	-2.5% ↓	-1.1% ↓	-0.9% ↓
Casual Dining	248.4	3.7% ↑	3.0% ↑	1.3% ↑
Specialty Stores	130.8	1.1% ↑	5.6% ↑	-0.6% ↓
Family Apparel	129.0	0.4% ↑	-5.6% ↓	-3.2% ↓
Grocery Stores	105.5	0.8% ↑	0.5% ↑	-0.8% ↓
Sporting Goods/Bike Stores	90.2	-0.3% ↓	-7.9% ↓	-5.8% ↓
Fast-Casual Restaurants	73.9	-6.5% ↓	0.5% ↑	-0.3% ↓
Auto Repair Shops	73.3	-3.0% ↓	-6.5% ↓	-4.9% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars