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

UPLAND	3.8%	6.1%	4.0%
TOTAL: $ 5,334,601	1Q2026 ↑	COUNTY ↑	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 flat compared to the first sales period in 2025. Excluding reporting aberrations, actual sales were up 3.8%.

Consumer spending has remained resilient despite weaker consumer confidence, supporting stronger-than-expected sales tax performance. Taxable sales are projected to finish FY 2025-2026 approximately 3% above the prior year, with modest growth expected to continue into FY 2026-27. The near-term outlook for sales tax revenues remains positive.

The largest sector growth came from autos-transportation, including transportation/rentals. Statewide, this group posted modest first quarter growth as higher vehicle prices offset softer sales volumes. Tariffs and rising material costs continue to push prices higher, while economic uncertainty and affordability concerns are expected to limit near-term vehicle sales. Despite these headwinds, long-term outlooks remain positive, supported by strong replacement demand from the aging U.S. vehicle fleet.

The City's second largest boost came from general consumer goods, including family apparel and cigarette/cigar stores. Statewide, this group rebounded in the first quarter, supported by gains in apparel, discount retailers, and luxury goods. Sales from business-industry, casual and fast casual restaurants, service stations, and grocery and convenience stores also grew. Receipts declined from heavy industrial/printers, quick service restaurants, drug stores, building materials, and the state and county pools. When combined they helped to partially offset the overall net quarterly gain.

Net of aberrations, taxable sales for all of San Bernardino County grew 6.1% over the comparable time period; the Southern California region was up 4.0%.

TOP 25 PRODUCERS

Arco
Chevron
Chick-Fil-A
CNC Technologies
Crossroads Travel Center
CVS Pharmacy
Dick's Sporting Goods
Ford Of Upland
Hobby Lobby
Holliday Rock
Home Depot
In N Out Burger
Kohl's
Lowes
Marshalls
Mountain View Chevrolet
Nordstrom Rack
Ross
Stater Bros. Markets
T.J. Maxx
Target
Tesla
Ulta Beauty
Vons Fuel Station
Walmart

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.

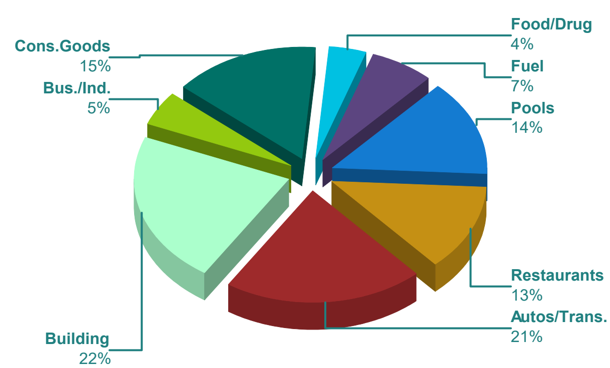
Patronage at restaurants resulted in a 4.2% year over year jump. With demand constrained due to increasing price-sensitivity and slower foot traffic, gains by all types of eateries signaled underlying resolve to dine out. Temporary events further contributed to the positive outcome – Southern California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

REVENUE BY BUSINESS GROUP
Upland This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q1 '26*	Change	County Change	HdL State Change
Building Materials	427.8	-4.5%	-6.0%	-3.6%
Service Stations	351.6	7.2%	3.3%	1.0%
Quick-Service Restaurants	299.4	-0.9%	-0.2%	1.9%
Casual Dining	274.3	11.1%	1.2%	4.0%
Family Apparel	139.5	20.4%	8.6%	11.1%
Specialty Stores	126.3	-3.6%	-2.3%	-1.9%
Grocery Stores	107.5	3.0%	1.8%	-1.0%
Sporting Goods/Bike Stores	86.9	-3.8%	-7.6%	0.6%
Fast-Casual Restaurants	84.0	5.8%	1.1%	3.9%
Auto Repair Shops	75.3	-5.0%	-0.2%	-2.1%

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