

# CITY OF UPLAND

## SALES TAX UPDATE

### 4Q 2025 (OCTOBER - DECEMBER)



**UPLAND**

TOTAL: \$ 5,492,022

-10.3%

4Q2025



5.9%

COUNTY



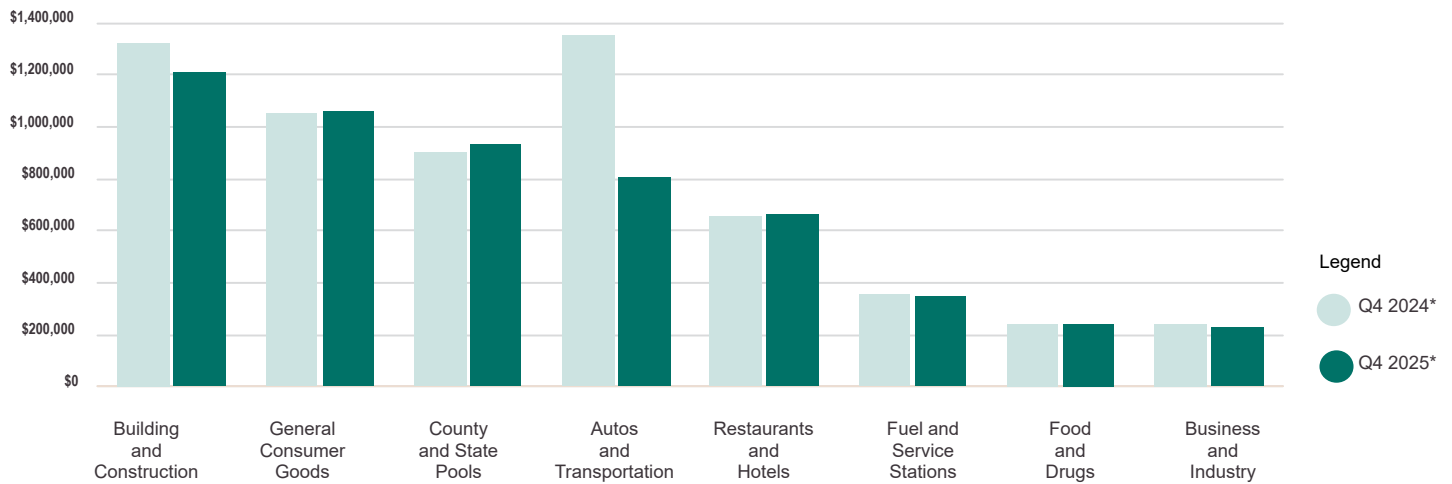
1.1%

STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF UPLAND HIGHLIGHTS

Upland's receipts from October through December were 0.5% above the fourth sales period in 2024, although this performance was supported by a large catch up payment that had been delayed from the prior period. Excluding this and other reporting anomalies, actual sales declined 10.3%.

The primary driver of this decline was weaker performance from auto and transportation related vendors. The expiration of federal tax credits for electric vehicles, along with high prices and financing rates, created a challenging sales environment.

Sales of building and material supplies were also soft, reflecting stagnant turnover in the housing market as homeowners continue to hold onto

sub 3% mortgage rates, while elevated home prices caused some prospective buyers to delay purchases. Business and industrial returns declined as well, impacted by several closures. Service station revenues were lower as gasoline prices remained below last year's levels in the period preceding the Iran conflict.

The most significant positive this quarter was higher allocations from the countywide use tax pool, which continues to benefit from the popularity of online shopping.

Net of anomalies, taxable sales across San Bernardino County increased 5.9% over the comparable period, while the Southern California region rose 0.9%.



### TOP 25 PRODUCERS

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



## STATEWIDE RESULTS

California’s local one cent sales and use tax receipts posted moderate growth during the fourth quarter, reflecting resilient consumer behavior despite persistent economic headwinds. For the months of October through December, revenues increased 1.2% from the year ago quarter after adjusting for accounting anomalies. This performance capped an overall improvement for calendar year 2025 of 1.2%, marking a welcomed annual increase after two consecutive years of decline.

Consumer spending patterns during the holiday season played a central role in the fourth-quarter results. Fulfillment centers and countywide use tax pools generated strong returns, driven by sustained demand for online shopping as cost-conscious consumers prioritized convenience and price comparison. This e-commerce momentum persisted throughout the 2025 year. Traditional brick-and-mortar retailers, particularly apparel and jewelry stores, also realized modest seasonal gains, benefiting from holiday purchasing activity.

Restaurant sales taxes rose again, although operators reported continual pressure from rising costs that influenced customer behavior. Diners reduced visit frequency and alcohol purchases, reflecting heightened price sensitivity. While upcoming national and global sporting events in California could support localized growth, broader restaurant sector expansion is expected to remain constrained and concentrated primarily in tourism-heavy and event-focused regions.

Energy-related initiatives produced solid returns; however, revenue allocation mechanisms shifted, with proceeds previously reported directly to local agencies now distributed through county pools during the current period.

In contrast, the autos-transportation and building-construction sectors remained

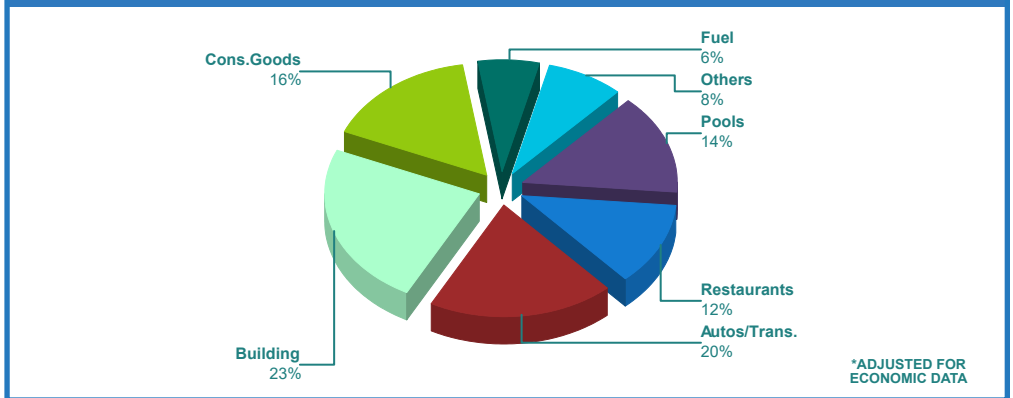
subdued. Elevated interest rates, seasonal purchasing patterns, and winter weather limited activity, particularly in high-value purchases such as vehicles and home improvement projects. Contractors in roofing and concrete experienced reduced productivity, reinforcing expectations of continued stagnation in these industries. With minimal interest rate relief projected for 2026, significant near-term recovery remains unlikely.

Looking ahead, emerging global risks present growing uncertainty. While not reflected in current results, escalating tensions in the Middle East have driven West Texas Intermediate crude oil prices above \$100 per barrel, translating into sharply higher gasoline prices exceeding \$6 per gallon locally. Refinery

closures across Northern and Southern California further amplify supply pressures. Prolonged energy price volatility could force consumers to redirect spending toward fuel costs, reducing discretionary expenditures in other sectors.

Prior to these developments, short-term economic expectations were cautiously optimistic. However, renewed inflationary pressure has led the Federal Reserve to delay anticipated interest rate reductions, limiting consumer flexibility. Stubbornly high fuel prices may also dampen travel and tourism through summer, leaving little room for broad-based sales tax growth in the year.

### REVENUE BY BUSINESS GROUP Upland This Calendar Year\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q4 '25*	Change	County Change	HdL State Change
Building Materials	424.2	-1.4% ↓	-2.7% ↓	-4.1% ↓
Service Stations	338.0	-4.3% ↓	-2.4% ↓	-2.2% ↓
Quick-Service Restaurants	319.4	-0.2% ↓	0.0% ↓	0.1% ↑
Casual Dining	255.1	6.0% ↑	3.4% ↑	2.3% ↑
Family Apparel	186.0	4.6% ↑	3.8% ↑	6.5% ↑
Specialty Stores	169.1	0.3% ↑	5.2% ↑	-1.2% ↓
Grocery Stores	121.7	6.7% ↑	0.8% ↑	0.7% ↑
Sporting Goods/Bike Stores	105.0	-1.3% ↓	-0.1% ↓	-0.9% ↓
Department Stores	93.5	2.1% ↑	-1.2% ↓	0.5% ↑
Convenience Stores/Liquor	80.8	-3.3% ↓	0.0% ↓	-2.2% ↓

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