

Q3  
2019



# City of Upland Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

## Upland In Brief

Upland's receipts from July through September were 13.4% below the third sales period in 2018, though a large portion of this decline was the result of anomalies in payment timing that occurred after the State's recent transition to a new reporting system. After adjusting for the correct allocation period, sales were down 1.8%.

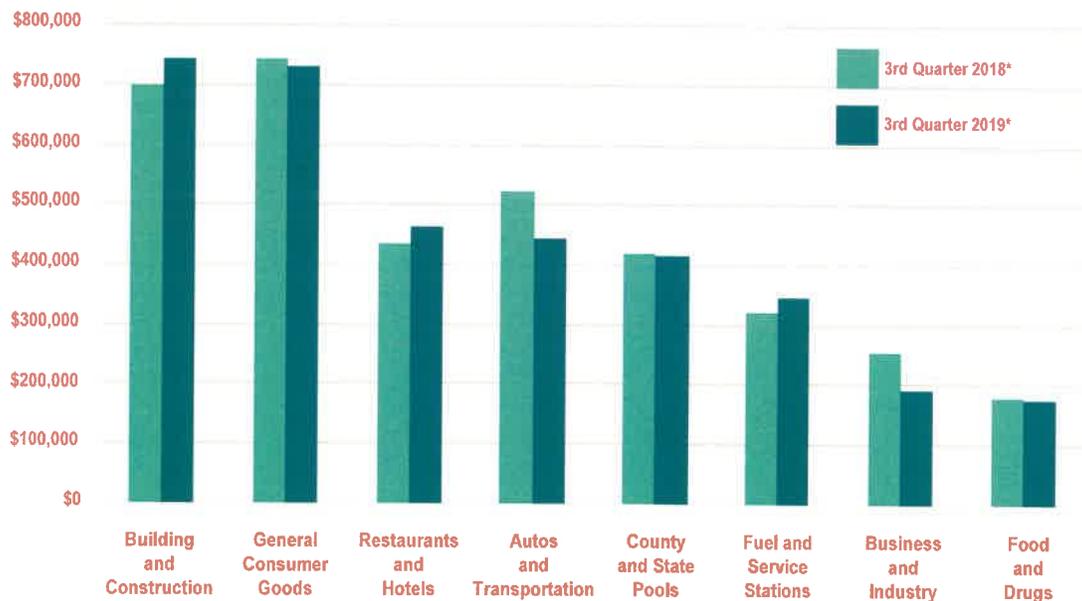
The primary factor in this retreat was lower auto-transportation related sales. While used car proceeds were positive, this was not enough to offset other losses in the category overall.

Sales were also lower in the volatile business-industrial category.

Recent openings of a popular new fast-food and family apparel store were positives. The sale of building-construction related supplies continued their rebound from the rainy first quarter. Service station sales also exceeded the statewide trend.

Net of aberrations, taxable sales for all of San Bernardino County grew 1.7% over the comparable time period; the Southern California region was up 2.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



\*Allocation aberrations have been adjusted to reflect sales activity

## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Lowes
Bed Bath & Beyond	Marshalls
Chick Fil A	Mountain View Chevrolet
Circle K	Nordstrom Rack
CNC Motors	RV Spa
Dick's Sporting Goods	Shell
Euclid Arco	Stater Bros
Ford of Upland	Target
G&M Oil	TJ Maxx
Holiday Rock	USA Gasoline
Home Depot	Vons Fuel
In N Out Burger	Walmart
Kohls	

## REVENUE COMPARISON

One Quarter - Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$3,598,277	\$3,130,805
County Pool	486,260	405,330
State Pool	1,846	1,210
<b>Gross Receipts</b>	<b>\$4,086,383</b>	<b>\$3,537,345</b>

**Statewide Results**

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

**Additional Tax Districts Approved**

Voters approved eight of the nine sales

tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

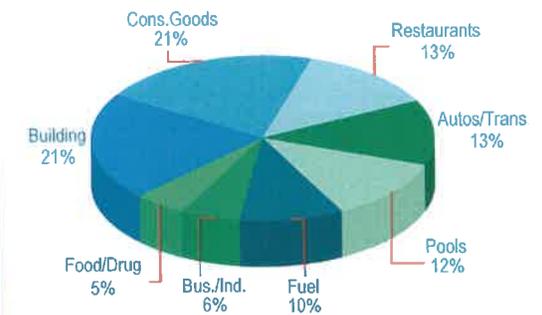
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

**SALES PER CAPITA\***



\*Allocation aberrations have been adjusted to reflect sales activity

**REVENUE BY BUSINESS GROUP**  
Upland This Quarter\*



\*Allocation aberrations have been adjusted to reflect sales activity

**UPLAND TOP 15 BUSINESS TYPES\*\***

Business Type	*In thousands of dollars			
	Upland Q3 '19*	Upland Change	County Change	HdL State Change
Building Materials	414.2	2.7%	-4.3%	0.2%
Casual Dining	161.4	0.7%	3.4%	2.3%
Contractors	— CONFIDENTIAL —	—	15.9%	2.6%
Convenience Stores/Liquor	54.7	-9.8%	-1.3%	1.0%
Department Stores	— CONFIDENTIAL —	—	-8.8%	-9.5%
Discount Dept Stores	— CONFIDENTIAL —	—	1.5%	2.8%
Electronics/Appliance Stores	58.5	-22.5%	-3.7%	-3.2%
Family Apparel	96.3	38.0%	5.1%	1.5%
Fast-Casual Restaurants	59.5	-2.9%	7.0%	5.1%
Grocery Stores	89.0	0.7%	-0.4%	1.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-0.7%	-7.2%
Quick-Service Restaurants	235.0	15.3%	3.3%	2.6%
Service Stations	345.4	7.9%	-1.6%	-1.5%
Specialty Stores	96.7	-7.5%	1.4%	0.3%
Used Automotive Dealers	64.7	70.7%	8.4%	2.1%
<b>Total All Accounts</b>	<b>3,099.2</b>	<b>-2.0%</b>	<b>1.2%</b>	<b>0.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>415.3</b>	<b>-0.8%</b>	<b>5.1%</b>	<b>14.9%</b>
<b>Gross Receipts</b>	<b>3,514.5</b>	<b>-1.8%</b>	<b>1.7%</b>	<b>2.3%</b>

\*\* Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.