

CITY OF REDLANDS

SALES TAX UPDATE

4Q 2023 (OCTOBER - DECEMBER)



REDLANDS

TOTAL: \$ 4,982,788

-1.1%

4Q2023



-2.4%

COUNTY



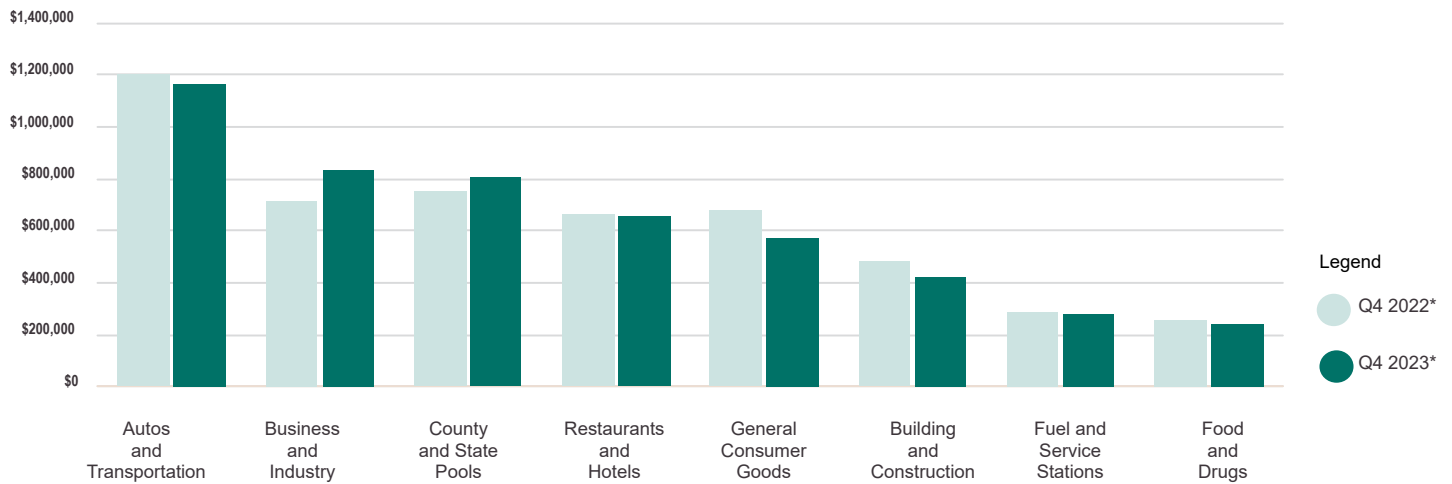
-2.5%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure T

TOTAL: \$5,315,096

↓ -5.3%



CITY OF REDLANDS HIGHLIGHTS

Redlands' receipts from October through December were 18.1% above the fourth sales period in 2022. Excluding reporting aberrations, actual sales were down 1.1%.

Restaurants felt a downturn as higher menu pricing began to put a damper on patrons venturing out as they needed to choose between essential and non-essential spending.

Business & industry was a big winner as fulfillment centers and medical/biotech experienced favorable growth with a 17.4% increase. This was helped by the holiday season shoppers and businesses still investing in capital equipment.

General consumer goods experienced significant declines due

to closures and a slowing of consumer spending as inflation remains higher than in the recent past. Autos & transportation are feeling the squeeze placed on consumers who must decide on what are necessary purchases as pricing and financing costs remain high.

The City's Transaction and Use Tax Measure T generated 107.0% of the Bradley Burns amount, led by solid performance from general consumer goods.

Net of aberrations, taxable sales for all of San Bernardino County declined 2.3% over the comparable time period; the Southern California region was down 2.0%.



TOP 25 PRODUCERS

Albertsons	McDonald's
Amazon Com Services	Metro Nissan of Redlands
Amazon MFA	Raising Cane's
BD Microbiology System	Redlands Chrysler Jeep Dodge Ram
Burlington	Select Comfort
Circle K	Shell
Citrus Arco	Stater Bros
Dr Martens Airwair USA	Tom Bell Chevrolet
Hatfield Buick & GMC Truck	Tom Bell Toyota
Home Depot	Vector Steel
Ken Grody Ford Redlands	Walmart
L & W Supply	
Lowe's	
Marshalls	



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women’s apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

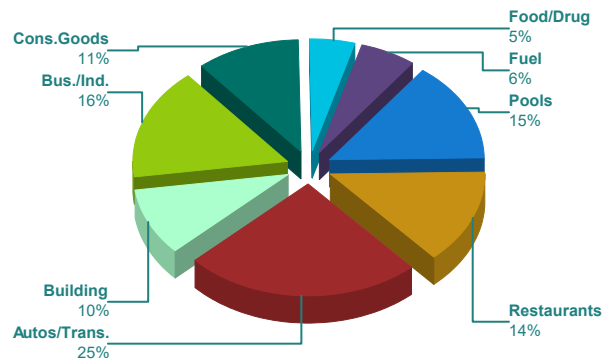
Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for ‘fast food restaurants’, on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady,

pool collections contracted more taxes allocated directly to local agencies via in-state fulfillment and through existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.

REVENUE BY BUSINESS GROUP Redlands This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Redlands Business Type	Q4 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	928.6	-1.9% ↓	1.8% ↑	-7.7% ↓
Fulfillment Centers	621.4	30.8% ↑	-1.6% ↓	0.0% ↑
Building Materials	373.0	-10.5% ↓	-3.0% ↓	-2.0% ↓
Casual Dining	276.7	-1.6% ↓	-1.6% ↓	1.8% ↑
Service Stations	276.4	-2.2% ↓	-5.7% ↓	-4.9% ↓
Quick-Service Restaurants	268.5	-1.7% ↓	0.0% ↑	0.4% ↑
Grocery Stores	179.6	-4.7% ↓	-3.2% ↓	-4.6% ↓
Family Apparel	96.0	-6.2% ↓	0.4% ↑	-0.4% ↓
Specialty Stores	84.6	-10.1% ↓	-4.4% ↓	-2.1% ↓
Home Furnishings	68.4	-10.6% ↓	-14.0% ↓	-10.1% ↓

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*In thousands of dollars