

# CITY OF REDLANDS

## SALES TAX UPDATE

### 3Q 2023 (JULY - SEPTEMBER)



#### REDLANDS

TOTAL: \$ 5,140,362

2.2%  
3Q2023



-4.6%  
COUNTY

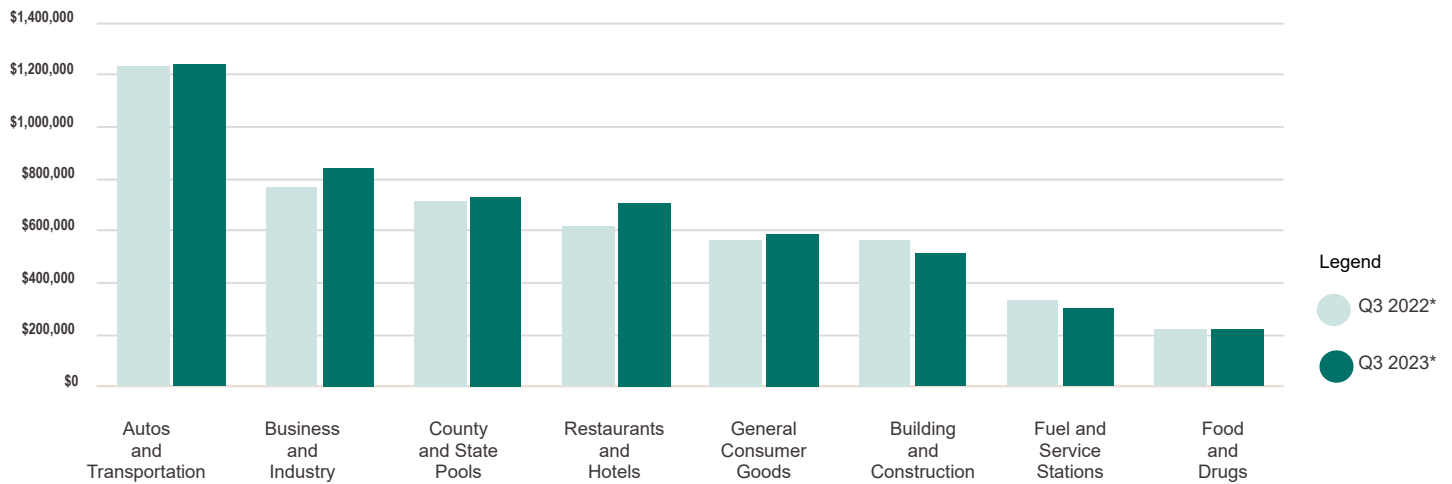


-1.7%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure T

TOTAL: \$4,959,704

↓ -3.9%



#### CITY OF REDLANDS HIGHLIGHTS

Redlands' receipts from July through September were 5.2% above the third sales period in 2022. Excluding reporting aberrations, actual sales were up 2.2%.

A misallocated payment caused a temporary increase in receipts from restaurants-hotels. The business-industry sector posted strong sales figures for 3Q23.

A new business addition provided a boost in receipts for the general consumer goods category.

High interest rates have created weakening affordability, but overall results from autos-transportation increased when compared to the year-ago period,

Spending in the building-construction category is down, with higher interest rates on financed home improvement

projects causing consumers to conserve and spend only on necessities.

Receipts from fuel-service stations declined as prices at the pump were significantly lower than in 3Q22.

A business closure dampened results from the food-drugs sector.

The City's share of the countywide use tax pool increased 1.7% when compared to the same period in the prior year. Measure T, the City's voter-approved transactions and use tax, brought in an additional \$4,931,274 in revenue.

Net of aberrations, taxable sales for all of San Bernardino County declined 4.6% over the comparable time period; the Southern California region was down 1.5%.



#### TOP 25 PRODUCERS

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



## STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

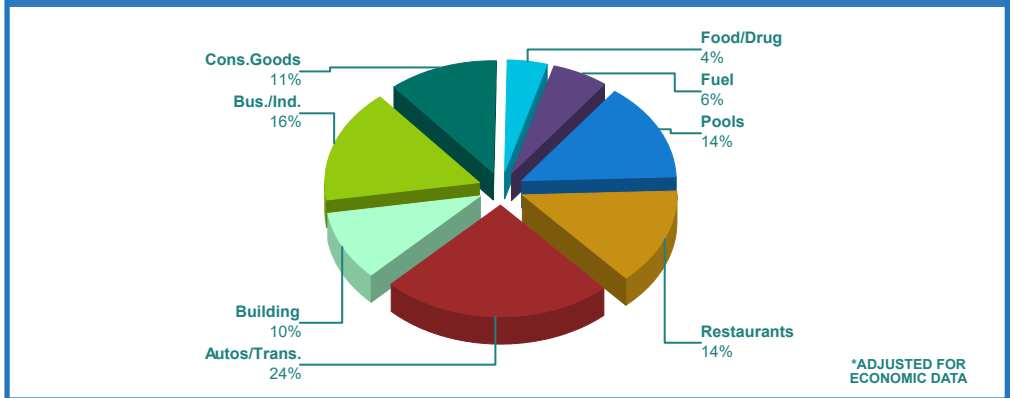
Despite continued increases of new car registrations, revenue from the autos-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

### REVENUE BY BUSINESS GROUP Redlands This Quarter\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Redlands Business Type	Q3 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	993.9	1.4% ↑	1.3% ↑	-2.5% ↓
Fulfillment Centers	600.2	16.6% ↑	-12.6% ↓	17.7% ↑
Building Materials	446.8	-6.0% ↓	-2.3% ↓	-2.7% ↓
Service Stations	300.8	-9.9% ↓	-9.2% ↓	-7.3% ↓
Casual Dining	260.8	-0.1% ↓	1.6% ↑	2.8% ↑
Quick-Service Restaurants	257.9	0.9% ↑	2.5% ↑	2.7% ↑
Grocery Stores	167.7	4.0% ↑	-0.5% ↓	2.3% ↑
Sporting Goods/Bike Stores	112.7	151.6% ↑	3.4% ↑	-4.8% ↓
Specialty Stores	77.1	-1.2% ↓	-3.2% ↓	-1.9% ↓
Family Apparel	76.8	2.1% ↑	5.4% ↑	3.2% ↑

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