

# CITY OF REDLANDS

## SALES TAX UPDATE

### 3Q 2024 (JULY - SEPTEMBER)



#### REDLANDS

TOTAL: \$ 4,714,652

-5.5%

3Q2024



0.1%

COUNTY



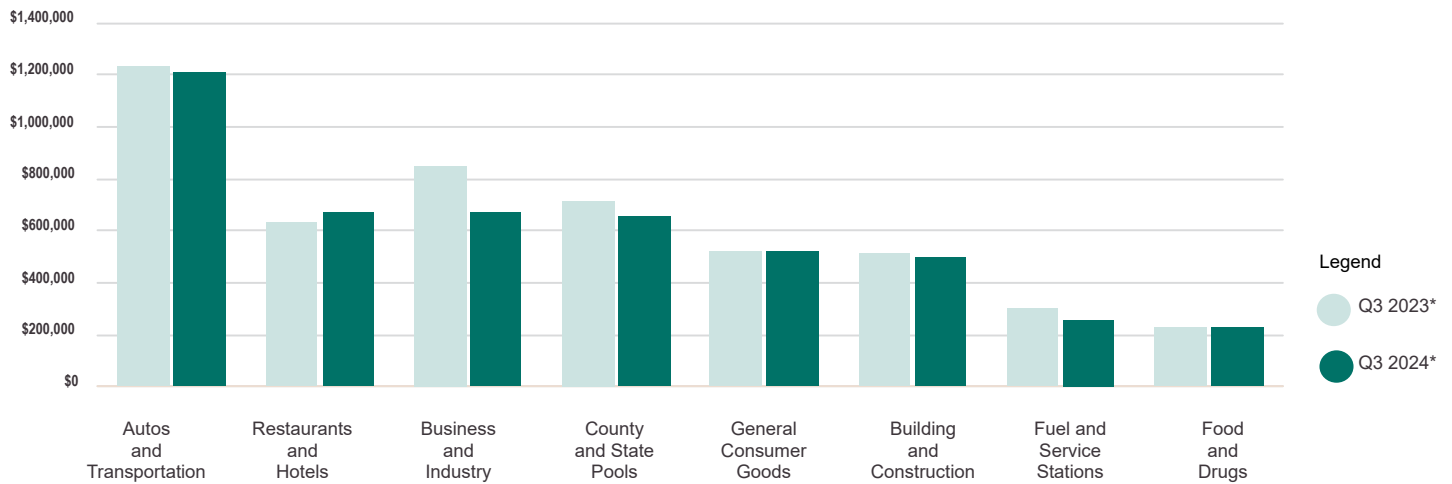
-2.3%

STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure T

TOTAL: \$4,989,579

↑ 1.2%



#### CITY OF REDLANDS HIGHLIGHTS

Redlands' receipts from July through September were 13.6% below the third sales period in 2023. Excluding reporting aberrations, actual sales were down 5.5%.

Consumers continue to be cautious in spending on non-essential products. The Feds have now begun to slowly reduce the fed rate. Holiday season projections are for small growth.

Restaurants-hotels pushed forward with a 5.6% increase as new outlets and increased menu pricing boosted the quarter, even as guests began to pull back on visits.

Business-industry had a mixed quarter with a number of sectors registering

both growth and decreases but ended down 21.4%. Fuel-service stations were down 15.0%, which matches the statewide reduction as fuel and oil pricing dropped during the quarter. Autos-transportation felt the downturn in both new/used auto sales and boats/motorcycles as consumers continue to experience high pricing and financing costs.

Measure T, the City's voter-approved transactions and use tax, brought in an additional \$4,989,579 in revenue.

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



#### TOP 25 PRODUCERS

- |                            |                                  |
|----------------------------|----------------------------------|
| Albertsons                 | Lowes                            |
| Amazon Com Services        | Marshalls                        |
| Amazon MFA                 | McDonald's                       |
| BD Microbiology System     | Nissan Of Redlands               |
| Circle K                   | Raising Cane's                   |
| Citrus Arco                | Redlands Chrysler Jeep Dodge Ram |
| Core Health & Fitness      | Select Comfort                   |
| Dr Martens Airwair USA     | Stater Bros                      |
| Enterprise Rent A Car      | Tom Bell Chevrolet               |
| Hatfield Buick & GMC Truck | Tom Bell Toyota                  |
| Home Depot                 | Walmart                          |
| Imperial Dade              |                                  |
| Ken Grody Ford Redlands    |                                  |
| L&W Supply(Calply)         |                                  |



## STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

Brick-and-mortar general consumer retailers pulled back 3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

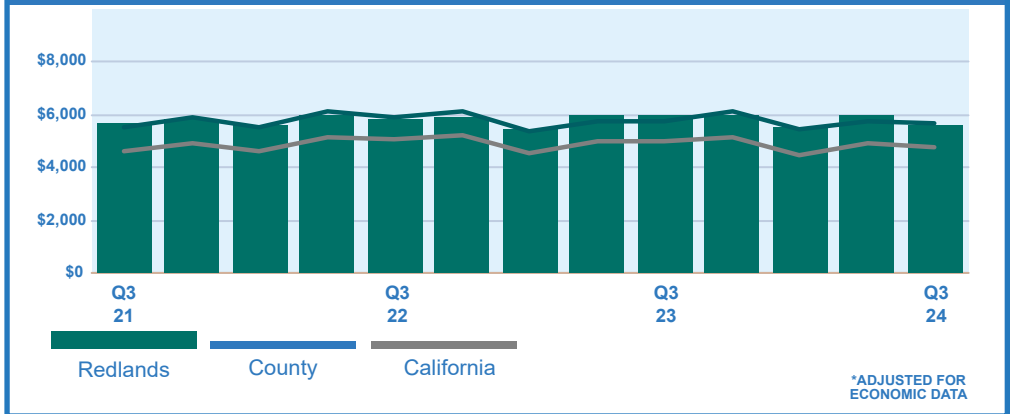
Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments – consistent with spending trends in other sectors. State

mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren’t considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.

### SALES PER CAPITA\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Redlands Business Type	Q3 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	978.4	-1.6% ↓	-5.1% ↓	-7.9% ↓
Building Materials	447.3	0.1% ↑	-5.2% ↓	-4.2% ↓
Fulfillment Centers	307.4	-48.8% ↓	12.8% ↑	5.6% ↑
Casual Dining	294.5	7.6% ↑	2.2% ↑	1.1% ↑
Quick-Service Restaurants	274.7	5.8% ↑	2.6% ↑	1.0% ↑
Service Stations	247.3	-17.0% ↓	-13.3% ↓	-12.8% ↓
Grocery Stores	176.9	5.5% ↑	4.5% ↑	1.4% ↑
Specialty Stores	80.0	-5.2% ↓	-3.9% ↓	-3.0% ↓
Family Apparel	75.6	-1.7% ↓	-0.2% ↓	-0.2% ↓
Automotive Supply Stores	74.4	3.3% ↑	1.0% ↑	-0.7% ↓

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