

CITY OF REDLANDS

SALES TAX UPDATE

1Q 2025 (JANUARY - MARCH)



REDLANDS

TOTAL: \$ 4,428,156

-5.3%

1Q2025



3.1%

COUNTY



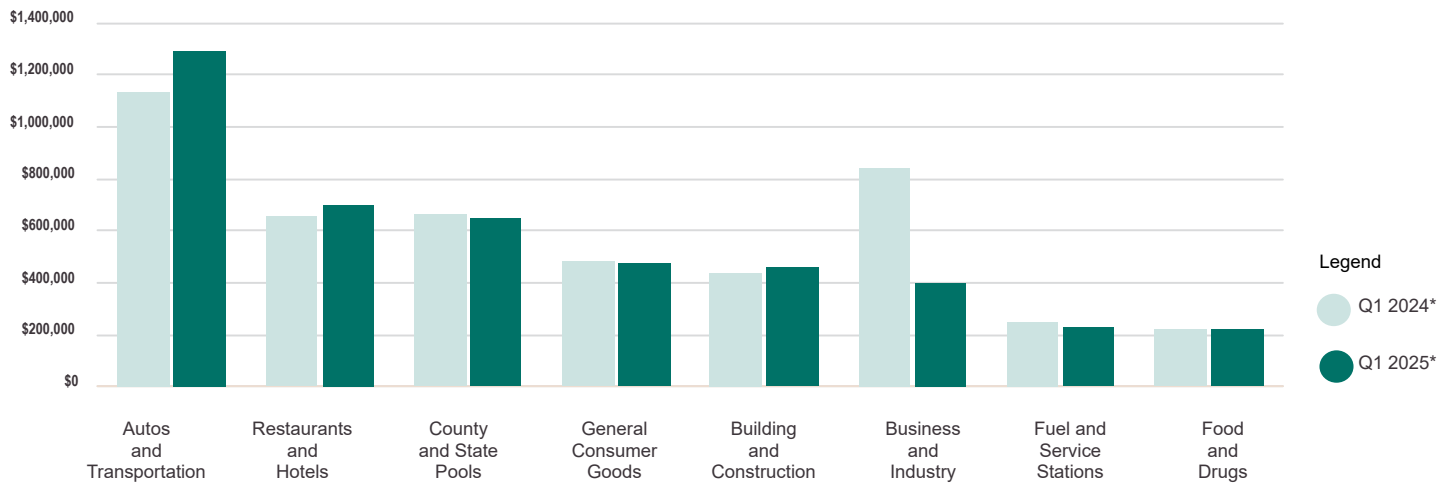
0.3%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure T

TOTAL: \$4,898,965

↑ 0.6%



CITY OF REDLANDS HIGHLIGHTS

Redlands' receipts from January through March were 5.9% below the first sales period in 2024. Excluding reporting aberrations, actual sales were down 5.3%.

Tariffs continue to be a topic of discussion but have not yet had a strong impact on price increases. Inflation though still elevated, has cooled, but is still a concern as food and fuel prices remain high.

Autos-transportation rebounded with an increase with a 13.9% as new car sales and auto supplies the primary winners. Restaurants-hotels pushed forward with a 7.3% increase as new outlets and higher menu pricing helped boost the quarter.

Business-industry experienced the largest decline due to closures and pullback on capital purchases. Fuel-service stations continued to be negatively impacted by the volatile oil market and lower fuel pricing, such that the sector was down 7.2%.

Measure T, the City's voter-approved transactions and use tax, brought in an additional \$4,898,965 in revenue.

Net of aberrations, taxable sales for all of San Bernardino County grew 3.1% over the comparable time period; the Southern California region was flat.



TOP 25 PRODUCERS

- | | |
|----------------------------|------------------------|
| Albertsons | Marshalls |
| AutoZone | McDonald's |
| Circle K | Nissan Of Redlands |
| Citrus Arco | Raising Cane's |
| Core Health & Fitness | Redlands Chrysler Jeep |
| Dr Martens Airwair USA | Dodge Ram |
| Hatfield Buick & GMC Truck | Select Comfort |
| Home Depot | Stater Bros |
| HYR Powersports | Tom Bell Chevrolet |
| Imperial Dade | Tom Bell Toyota |
| In N Out Burger | Vector Steel |
| Ken Grody Ford Redlands | Walmart |
| L&W Supply(Calply) | |
| Lowes | |



STATEWIDE RESULTS

California’s local one-cent sales and use tax receipts for January through March 2025 increased by 0.34% compared to the same quarter in 2024, after adjusting for accounting anomalies. While this modest growth may signal the end of an eight-quarter decline, it could be temporary, as the broader economy remains on the edge between recovery and further slowdown.

The first quarter is traditionally the lowest sales tax-generating period of the year, often influenced by seasonal weather and post-holiday consumer behavior.

Notably, the autos-transportation and building-construction sectors—both of which had been dragging down statewide results over the past two years—showed the strongest rebounds this quarter. In the autos sector, used car sales and leasing activity led the recovery. Consumers are increasingly opting for more affordable vehicles and shorter-term commitments, moving away from high-end purchases. In construction, pent-up demand for repairs and improvements, especially in weather-affected and wildfire-damaged areas like Southern California, drove strong sales for building material suppliers.

Other segments generating modest growth included business-industry and countywide use tax pools, largely due to continued strength in online sales. Sales of goods already in California before purchase are reported under business-industry fulfillment centers. Goods shipped from outside the state are reported under county pools, based on the destination of the out-of-state shipment. Online shopping remains a preferred option for value-conscious consumers, contributing significantly to tax receipts in these categories.

Calendar year 2024 saw a decline in fuel-

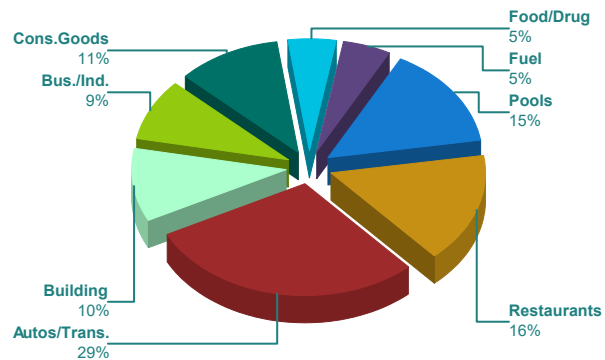
related tax receipts due to lower global crude oil prices—a trend that continued into 1Q 2025. Fuel-related returns dropped by 5%. This decline also affected general consumer goods, as large retailers that sell fuel typically report all sales under a single taxpayer ID. As a result, brick-and-mortar merchants such as post-holiday family apparel stores, winter sporting goods vendors and closures of variety stores contributed to weaker performance.

Although food-drugs is the smallest of the eight tax groupings, it was significant that cannabis returns continued a downturn trend that has been ongoing for over two years. Bankruptcies, customer shopping

alternatives and oversaturation of retail footprint diminished taxes coming from drug stores.

As 2025 begins, sales tax returns remain modest, reflecting broader economic volatility. Key factors influencing our outlook include: ongoing national tariff and trade negotiations and decisions on the federal funds rate - which directly affect consumer interest rates. Recent Middle East conflicts, which temporarily spiked crude oil prices and threatened local gas prices during the summer, will be a short-term concern. In summary, “uncertainty” remains the most accurate descriptor of California’s current and future economic climate.

REVENUE BY BUSINESS GROUP Redlands This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Redlands Business Type	Q1 '25*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,025.5	14.9% ↑	4.3% ↑	-0.6% ↓
Building Materials	412.1	4.7% ↑	2.2% ↑	3.7% ↑
Casual Dining	306.3	7.7% ↑	2.8% ↑	1.3% ↑
Quick-Service Restaurants	282.3	7.9% ↑	-1.0% ↓	-0.9% ↓
Service Stations	228.3	-7.3% ↓	-7.6% ↓	-5.8% ↓
Grocery Stores	173.0	0.8% ↑	0.5% ↑	-0.8% ↓
Automotive Supply Stores	97.9	21.3% ↑	11.5% ↑	-0.4% ↓
Specialty Stores	89.9	24.8% ↑	5.6% ↑	-0.6% ↓
Fast-Casual Restaurants	73.1	8.7% ↑	0.5% ↑	-0.3% ↓
Auto Repair Shops	61.8	-3.5% ↓	-8.5% ↓	-5.1% ↓

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*In thousands of dollars