

# CITY OF REDLANDS

## SALES TAX UPDATE

### 2Q 2025 (APRIL - JUNE)



#### REDLANDS

TOTAL: \$ 4,520,088

-11.3%

2Q2025



4.4%

COUNTY



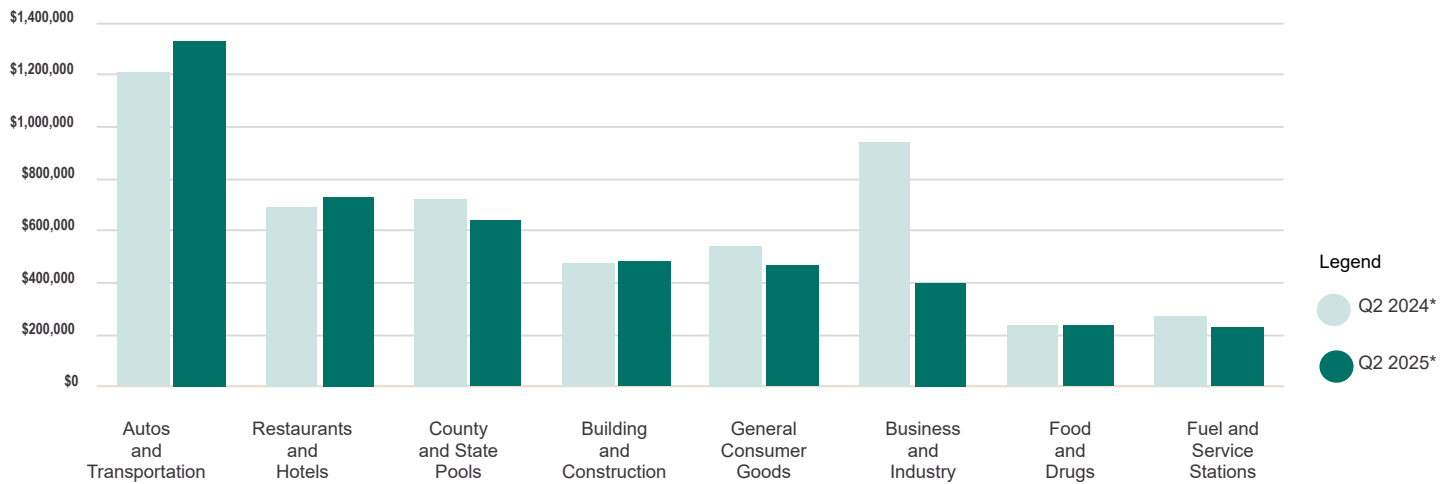
0.5%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure T

TOTAL: \$5,102,794

↑ 0.3%



#### CITY OF REDLANDS HIGHLIGHTS

Redlands' receipts from April through June were 11.0% below the second sales period in 2024. Excluding reporting aberrations, actual sales were down 11.3%.

Consumer spending on taxable goods remains steady; however, recent declines in consumer confidence caused by inflationary pressures, concerns and uncertainty about tariffs, and rising unemployment pose risks to ongoing revenue growth. While the Federal Reserve finally reduced the interest rates once in September, this does not alter anticipated consumer spending. The forecast calls for modest growth in FY 2025-2026, which does not fully capture the past two consecutive fiscal years of declines.

The City experienced a decline in business-industry including medical/

biotech.

Returns from electronics/appliance stores, family apparel, sporting goods, service stations, grocery stores, building materials, contractors, and the state and county pools were also down.

Receipts from new automotive dealers, quick service restaurants, casual dining, and leisure/entertainment combined and increased to help offset the overall net quarterly loss.

The City's Transaction and Use Tax Measure T generated 113.3% of the Bradley Burns amount, with the largest percentage generated by the general consumer goods sector.

Net of aberrations, taxable sales for the Southern California region was flat.



#### TOP 25 PRODUCERS

- |                            |                                  |
|----------------------------|----------------------------------|
| Albertsons                 | Marshalls                        |
| AutoZone                   | McDonald's                       |
| Circle K                   | Nissan Of Redlands               |
| Citrus Arco                | Raising Cane's                   |
| Dr Martens                 | Redlands Chrysler Jeep Dodge Ram |
| Enterprise Rent A Car      | Select Comfort                   |
| Hatfield Buick & GMC Truck | Stater Bros                      |
| Home Depot                 | Tom Bell Chevrolet               |
| HYR Powersports            | Tom Bell Toyota                  |
| Imperial Dade              | Trader Joe's                     |
| In N Out Burger            | Walmart                          |
| Ken Grody Ford Redlands    |                                  |
| L&W Supply(Calply)         |                                  |
| Lowe's                     |                                  |



### STATEWIDE RESULTS

California’s one-cent local sales and use tax receipts rose 0.6% in Q2 compared to the same period last year, after adjusting for accounting anomalies. While only modest growth, it is the second consecutive quarter experiencing positive results following an extended timeline of declines. This period is traditionally met with improved weather with the beginning of summer activity.

Steady gains in both business-industry and countywide use tax pools were driven by strong online sales, reflecting shopper’s willingness and ability to spend. Whether pulled from inventory within California or shipped from outside the state, demand for goods by value-conscious shoppers prevailed. Other notable upticks came from purchases of office and electrical equipment.

Increased tax receipts from restaurants also demonstrated diners continued desire to eat out. Even amongst higher menu prices and tip fatigue, casual dining establishments generated the largest lift. While this is a good sign for the coming summer season, underlying data shows that disposal personal income – a key driver of restaurant sales – is growing at a slower pace than prior years, possibly signaling softer tax growth on the horizon.

The two sectors primed to take advantage of upcoming interest rate changes, autos-transportation and building-construction, only experienced lackluster returns this period. New auto sales declined, offsetting gains in used vehicles and leasing, while building material sales remained unchanged from a year ago. However, aging vehicles and deferred home improvements remain a potential catalyst driving demand in the near term.

Balancing the positive results, revenue

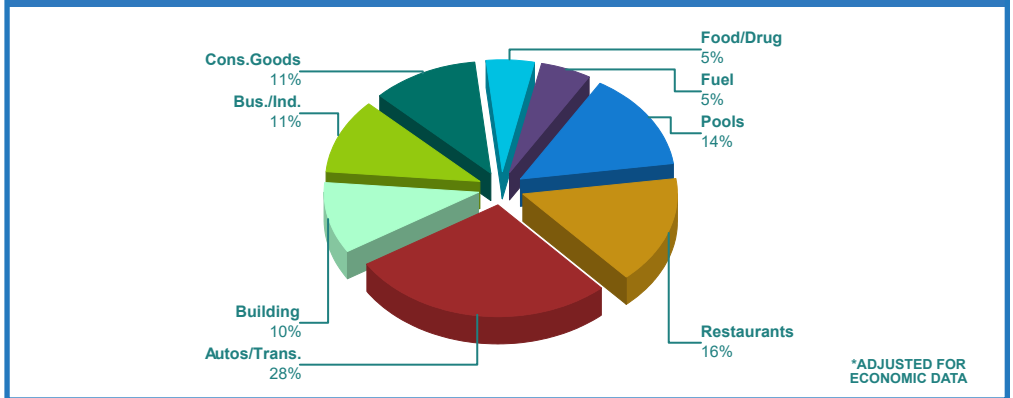
from fuel and service stations declined for the ninth time in ten quarters, primarily due to West Texas Intermediate (WTI) low crude oil prices. As the global economy and development remains tempered, so has the demand for oil, leaving prices relatively low. While this dampens sales taxes, lower fuel costs during peak travel months may boost spending in other segments.

Traditional retailers saw a 1% decline, with specialty, sporting goods, and department stores under performing compared to year ago totals. Inflation and tariffs continue to pressure consumer spending and retailer margins, prompting reevaluation of physical store investments by regional and national

companies alike.

The September reduction in the federal funds rate, noting the possibility of more in early 2026, leaves optimism regarding future financing and accessing equity opportunities for some consumers. However, national tariff/trade talks remain a vital piece of the inflation/higher prices story with the potential of diminishing spending power. So sluggish calendar year 2025 continues with only modest expansion expected braced against the ever-changing larger economic trends.

### REVENUE BY BUSINESS GROUP Redlands This Fiscal Year\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Redlands Business Type	Q2 '25*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,102.1	14.1% ↑	2.3% ↑	-2.4% ↓
Building Materials	423.8	-0.7% ↓	-3.9% ↓	-0.9% ↓
Casual Dining	320.2	3.7% ↑	1.7% ↑	1.4% ↑
Quick-Service Restaurants	295.8	7.4% ↑	-0.3% ↓	-0.7% ↓
Service Stations	228.0	-16.3% ↓	-8.7% ↓	-9.4% ↓
Grocery Stores	182.8	-0.5% ↓	0.3% ↑	-0.2% ↓
Specialty Stores	79.2	4.5% ↑	1.1% ↑	-3.4% ↓
Auto Repair Shops	72.2	-0.6% ↓	-3.9% ↓	-8.8% ↓
Automotive Supply Stores	62.6	3.6% ↑	-1.7% ↓	-3.5% ↓
Fast-Casual Restaurants	62.5	0.0% ↓	0.6% ↑	-1.6% ↓

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