

CITY OF REDLANDS

SALES TAX UPDATE

4Q 2025 (OCTOBER - DECEMBER)



REDLANDS

TOTAL: \$ 4,641,908

-0.9%

4Q2025



5.9%

COUNTY



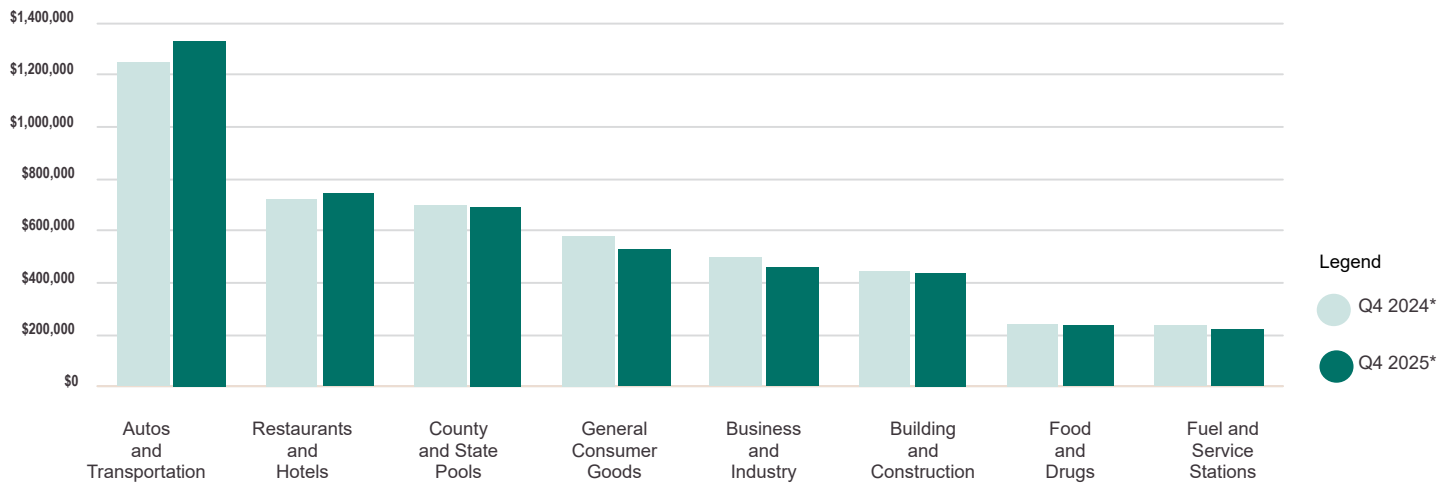
1.2%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure T

TOTAL: \$5,265,318

↓ -0.8%



CITY OF REDLANDS HIGHLIGHTS

Redlands' receipts from October through December were 4.5% below the fourth sales period in 2024. Excluding reporting aberrations, actual sales were down 0.9%.

While consumers continue to navigate inflation, interest rates, tariff impacts, and fuel costs, spending has remained resilient, supporting steady demand and moderate gains in the year ahead, even as some sector-level volatility persists.

The City experienced its largest decline in general consumer goods, including family apparel and specialty stores. Receipts from contractors, service stations, building materials, grocery

stores, fast casual restaurants, and the state and county pools were also down.

Sales resulting from new motor vehicle dealers, auto lease, and casual dining were higher than a year ago and combined to partially offset the overall net quarterly loss.

Transaction and Use Tax Measure T generated 113.8% of the Bradley Burns amount, led by the strongest percentage within the general consumer goods sector.

Net of aberrations, taxable sales for all of San Bernardino County grew 5.9% over the comparable time period; the Southern California region was up 1.0%.



TOP 25 PRODUCERS

- | | |
|----------------------------|-----------------------------|
| Albertsons | McDonald's |
| Arco AM PM | Nissan Of Redlands |
| Circle K | Raising Cane's |
| Core Health & Fitness | Redlands Chrysler Jeep |
| CVS Pharmacy | Dodge Ram |
| Hatfield Buick & GMC Truck | Sleep Number Mattress Store |
| Home Depot | Stater Bros |
| Imperial Dade | Tom Bell Chevrolet |
| In-N-Out Burger | Tom Bell Toyota |
| Ken Grody Ford Redlands | Trader Joe's |
| L&W Supply(Calply) | Vector Steel |
| Lowes | Walmart |
| Maersk | |
| Marshalls | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts posted moderate growth during the fourth quarter, reflecting resilient consumer behavior despite persistent economic headwinds. For the months of October through December, revenues increased 1.2% from the year ago quarter after adjusting for accounting anomalies. This performance capped an overall improvement for calendar year 2025 of 1.2%, marking a welcomed annual increase after two consecutive years of decline.

Consumer spending patterns during the holiday season played a central role in the fourth-quarter results. Fulfillment centers and countywide use tax pools generated strong returns, driven by sustained demand for online shopping as cost-conscious consumers prioritized convenience and price comparison. This e-commerce momentum persisted throughout the 2025 year. Traditional brick-and-mortar retailers, particularly apparel and jewelry stores, also realized modest seasonal gains, benefiting from holiday purchasing activity.

Restaurant sales taxes rose again, although operators reported continual pressure from rising costs that influenced customer behavior. Diners reduced visit frequency and alcohol purchases, reflecting heightened price sensitivity. While upcoming national and global sporting events in California could support localized growth, broader restaurant sector expansion is expected to remain constrained and concentrated primarily in tourism-heavy and event-focused regions.

Energy-related initiatives produced solid returns; however, revenue allocation mechanisms shifted, with proceeds previously reported directly to local agencies now distributed through county pools during the current period.

In contrast, the autos-transportation and building-construction sectors remained

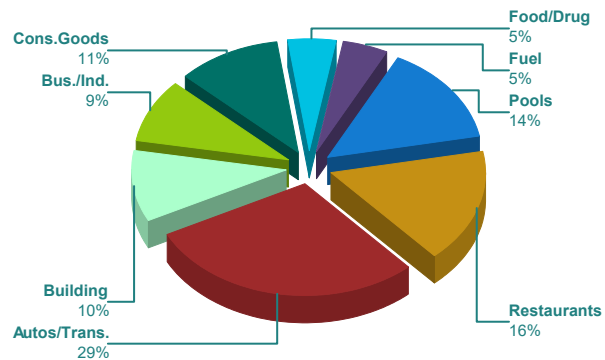
subdued. Elevated interest rates, seasonal purchasing patterns, and winter weather limited activity, particularly in high-value purchases such as vehicles and home improvement projects. Contractors in roofing and concrete experienced reduced productivity, reinforcing expectations of continued stagnation in these industries. With minimal interest rate relief projected for 2026, significant near-term recovery remains unlikely.

Looking ahead, emerging global risks present growing uncertainty. While not reflected in current results, escalating tensions in the Middle East have driven West Texas Intermediate crude oil prices above \$100 per barrel, translating into sharply higher gasoline prices exceeding \$6 per gallon locally. Refinery

closures across Northern and Southern California further amplify supply pressures. Prolonged energy price volatility could force consumers to redirect spending toward fuel costs, reducing discretionary expenditures in other sectors.

Prior to these developments, short-term economic expectations were cautiously optimistic. However, renewed inflationary pressure has led the Federal Reserve to delay anticipated interest rate reductions, limiting consumer flexibility. Stubbornly high fuel prices may also dampen travel and tourism through summer, leaving little room for broad-based sales tax growth in the year.

REVENUE BY BUSINESS GROUP Redlands This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

| Redlands Business Type | Q4 '25* | Change | County Change | HdL State Change |
|---------------------------|---------|----------|---------------|------------------|
| New Motor Vehicle Dealers | 1,108.2 | 9.2% ↑ | -1.4% ↓ | -5.3% ↓ |
| Building Materials | 384.4 | -3.5% ↓ | -2.7% ↓ | -4.1% ↓ |
| Casual Dining | 320.7 | 7.8% ↑ | 3.4% ↑ | 2.3% ↑ |
| Quick-Service Restaurants | 310.1 | 2.0% ↑ | 0.0% ↓ | 0.1% ↑ |
| Service Stations | 216.1 | -8.6% ↓ | -2.4% ↓ | -2.2% ↓ |
| Grocery Stores | 177.2 | -5.4% ↓ | 0.8% ↑ | 0.7% ↑ |
| Auto Repair Shops | 77.6 | -2.2% ↓ | -2.7% ↓ | -1.9% ↓ |
| Specialty Stores | 75.0 | -15.6% ↓ | 5.2% ↑ | -1.3% ↓ |
| Family Apparel | 70.5 | -28.8% ↓ | 3.8% ↑ | 6.5% ↑ |
| Fast-Casual Restaurants | 64.0 | -9.4% ↓ | -1.7% ↓ | 0.7% ↑ |

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*In thousands of dollars