

CITY OF REDLANDS

SALES TAX UPDATE

1Q 2026 (JANUARY - MARCH)



REDLANDS

TOTAL: \$ 4,264,644

-4.2%
1Q2026



6.1%
COUNTY

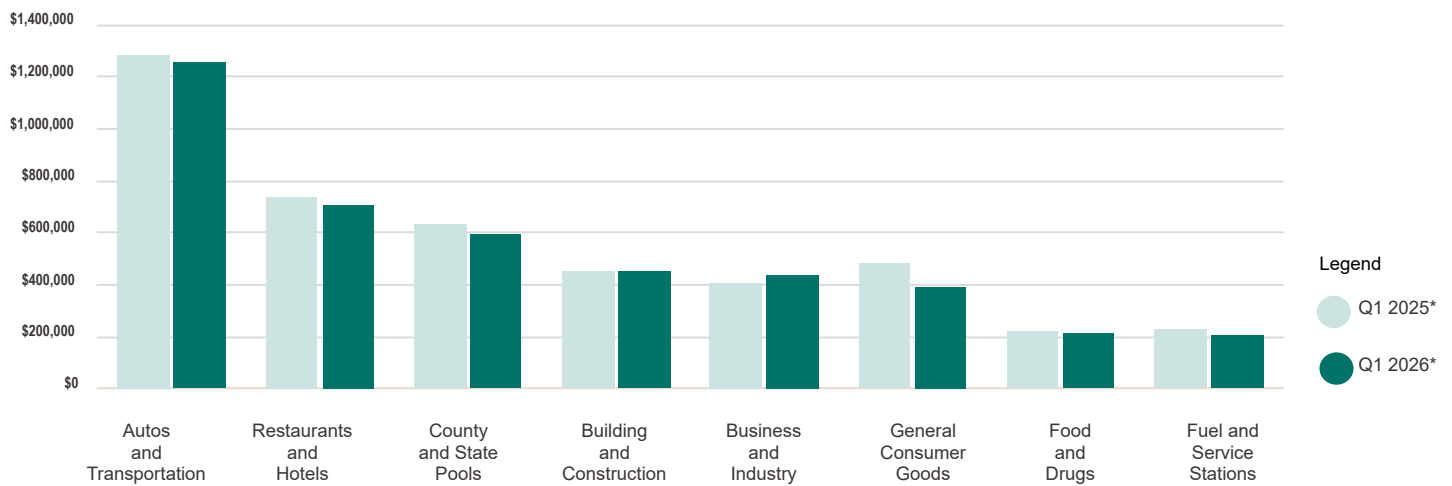


4.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure T

TOTAL: \$5,006,673

↑ 2.0%



CITY OF REDLANDS HIGHLIGHTS

Redlands' receipts from January through March were 5.9% below the first sales period in 2025. Excluding reporting aberrations, actual sales were down 4.2%.

High borrowing costs and affordability concerns suppressed both new and used car markets. Restaurant spending was defined by constrained consumer budgets, and a major shift where diners traded down in favor of fast-food. Business closures had a negative impact on totals from general consumer goods.

Consumer spending on food-drugs slipped with shoppers still sensitive to higher costs driven by elevated inflation.

A late or delayed payment temporarily reduced totals from fuel-service stations.

The building-construction sector posted modest gains, while large, one-time use tax purchases boosted revenue from the business-industry category. The City's share of the countywide use tax pool decreased 6.0% when compared to the same period in the prior year.

Measure T, the City's voter-approved transaction and use tax measure, brought in \$5,006,673.

Net of aberrations, taxable sales for San Bernardino County grew 6.1% over the comparable time-period; the Southern California region was up 4.0%.



TOP 25 PRODUCERS

Albertsons
Arco AM PM
Circle K
Hatfield Buick & GMC Truck
Home Depot
HYR Powersports
Imperial Dade
In-N-Out Burger
Ken Grody Ford Redlands
L&W Supply(Calply)
Lowes
Maersk
Marshall's
McDonald's

Nissan Of Redlands
Raising Cane's
Redlands Chrysler Jeep Dodge Ram
Rivian
Shell
Stater Bros
Tom Bell Chevrolet
Tom Bell Toyota
Trader Joe's
Vector Steel
Walmart



STATEWIDE RESULTS

California's local one cent sales and use tax receipts posted moderate growth during the first quarter, reflecting resilient consumer behavior despite persistent economic headwinds. For the months of January through March, revenues increased 4% from the year ago quarter after adjusting for accounting anomalies.

Strong consumer spending patterns did not falter and was the main reason of growth, partially enhanced by larger-than-expected income tax refunds. Both online retailers and brick and mortar merchants experienced dynamic changes over last year that far exceed expectations. E-commerce remains the platform of choice providing convenience, broad product availability, and flexible payment options – benefitting the business-industry sector and allocations via the countywide use tax pool. Family apparel and discount department stores both boosted general consumer goods the most, with a slight bump in gas prices further pushing returns from multiple vendors.

Patronage at restaurants resulted in a 4.2% year over year jump. With demand constrained due to increasing price-sensitivity and slower foot traffic, gains by all types of eateries signaled underlying resolve to dine out. Temporary events further contributed to the positive outcome – Southern California wildfires hindered 2025 and the Super Bowl lifting 2026.

The first quarter also included the initial impacts of elevated tensions in the Middle East which drove West Texas Intermediate crude oil prices above \$95 per barrel. This had an immediate impact on local gas prices resulting in a modest bump to receipts from gas stations and created large amounts of uncertainty. At

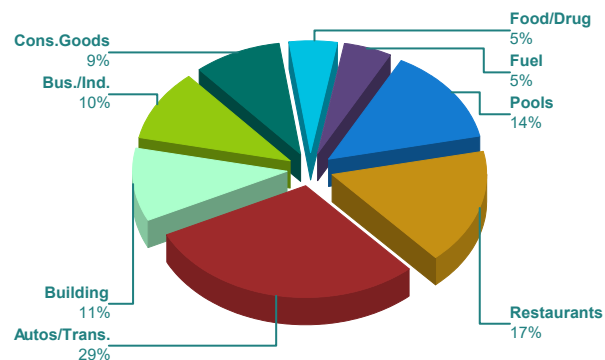
the time of writing, the conflict appears to have subsided with the Strait of Hormuz reopened reducing the possibility of future strain.

Autos-transportation posted a nominal gain in first quarter 2026, as higher average transaction prices offset weaker unit sales. These price increases reflected tariff impacts reaching consumers after months of absorption by automakers, along with rising material costs. As in the prior quarter, the transition to the new DMV payment system for used vehicle dealers under AB 85 modestly reduced cash receipts, with adjustments still pending.

Overall, the short-term outlook remains

cautiously optimistic. Normal consumer spending combined with multiple host sites of World Cup matches and corresponding tourism should sustain growth, albeit varied regionally. The Middle East conflict temporarily resulted in \$6 per gallon average peak pricing during the start of the summer months. The forecast is coupled with a national inflation rate that anticipates an upward trend leaving little room for the Federal Reserve to alter interest rates in a favorable way for consumers, potentially slowing down the retail economy.

REVENUE BY BUSINESS GROUP Redlands This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Redlands Business Type	Q1 '26*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,015.0	-0.9% ↓	-1.5% ↓	-0.6% ↓
Building Materials	402.8	-1.6% ↓	-6.0% ↓	-3.6% ↓
Casual Dining	314.9	-5.1% ↓	1.0% ↑	4.0% ↑
Quick-Service Restaurants	291.9	-1.2% ↓	-0.1% ↓	1.9% ↑
Service Stations	205.3	-10.2% ↓	3.3% ↑	0.9% ↑
Grocery Stores	160.3	-7.4% ↓	1.9% ↑	-0.7% ↓
Auto Repair Shops	70.3	1.7% ↑	-0.2% ↓	-2.1% ↓
Specialty Stores	66.8	-21.8% ↓	-2.3% ↓	-1.8% ↓
Automotive Supply Stores	64.6	-29.6% ↓	-0.3% ↓	1.5% ↑
Fast-Casual Restaurants	60.0	-18.0% ↓	1.1% ↑	3.8% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars