

# CITY OF UPLAND

## SALES TAX UPDATE

### 2Q 2025 (APRIL - JUNE)



**UPLAND**

TOTAL: \$ 5,764,881

-6.6%

2Q2025



4.4%

COUNTY



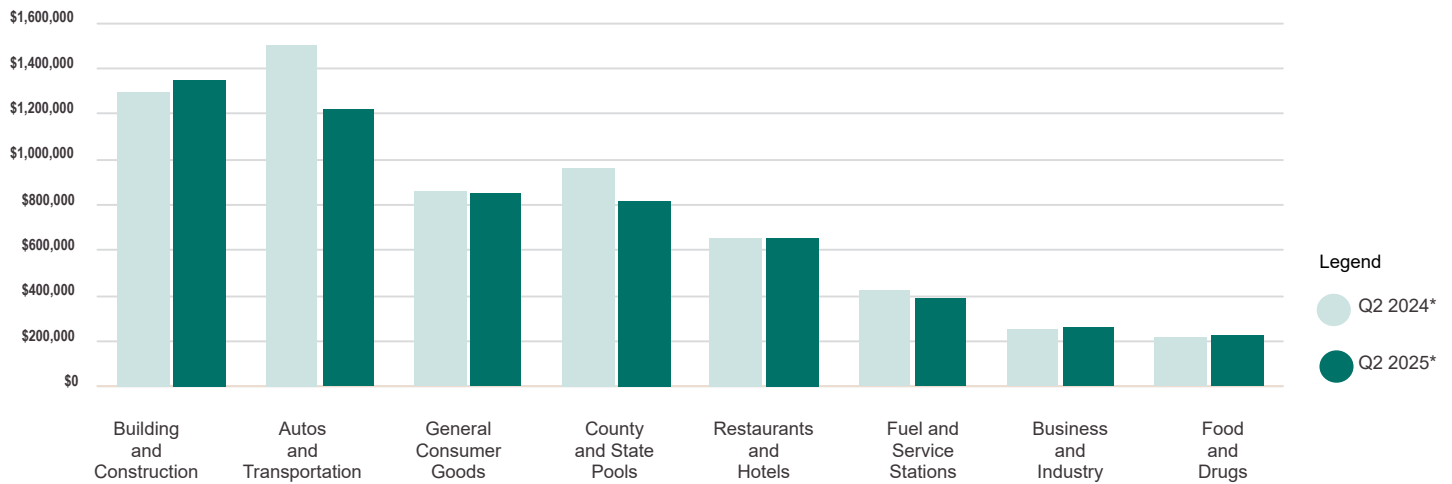
0.5%

STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF UPLAND HIGHLIGHTS

Upland's receipts from April through June were 14.7% below the second sales period in 2024. Excluding reporting aberrations, actual sales were down 6.6%.

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 the largest decline in autos-transportation. Recent signs of weakness in the labor market raise concerns about consumer demand, which has caused a slight moderation in

this quarter's forecast to reflect the risks of a softening job market and its impact on future auto sales and associated sales tax. Forecasts over the next two years remains cautious due to obstacles that consumers are facing including elevated prices, upward pressure from tariffs and restrictive financing conditions.

Returns from service stations, department stores, quick service, fast casual restaurants, including the state and county pool were all down.

Receipts from used automotive dealers, casual dining, building materials, heavy industrial/printers, and convenience stores increased when combined. Which helped to offset the overall net quarterly loss.

Net of aberrations, taxable sales for all of San Bernardino County grew 4.4% over the comparable time period; the Southern California region was flat.



### TOP 25 PRODUCERS

- 7 Eleven
- Arco
- Chevron
- Chick Fil A
- Crossroads Travel Center
- CVS Pharmacy
- Daniel Mechanical
- Dick's Sporting Goods
- Ford of Upland
- Holiday Rock
- Home Depot
- In N Out Burger
- Kohls
- Lowe's
- Marshalls
- Mountain View Chevrolet
- Ross
- San Antonio Community Hospital
- Stater Bros
- Target
- Tesla
- TJ Maxx
- Ulta Beauty
- Vons Fuel
- Walmart



## 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.

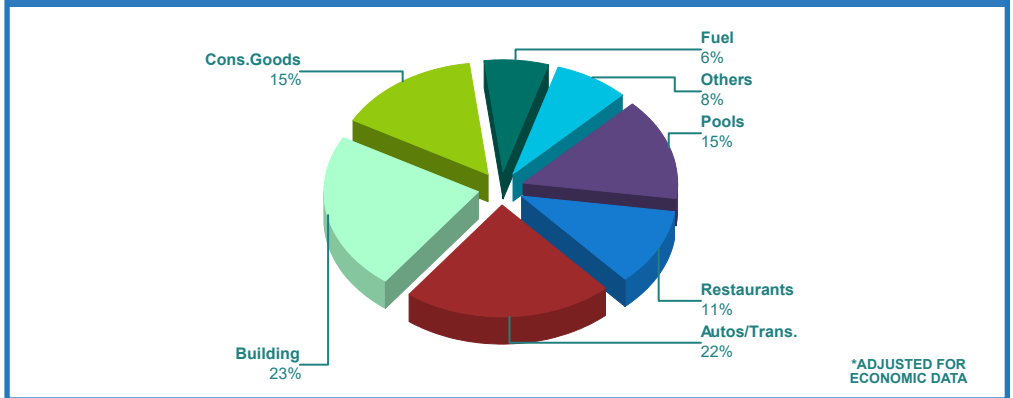
Balancing the positive results, revenue from fuel and service stations declined for the ninth time in ten quarters, primarily due to West Texas Intermediate (WTI) low crude oil prices. As the global economy and development remains tempered, so has the demand for oil, leaving prices relatively low. While 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 underperforming 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 Upland This Fiscal Year\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q2 '25*	Change	County Change	HdL State Change
Building Materials	449.7	3.7% ↑	-3.9% ↓	-0.9% ↓
Service Stations	389.6	-7.6% ↓	-8.7% ↓	-9.4% ↓
Quick-Service Restaurants	310.0	-2.9% ↓	-0.3% ↓	-0.7% ↓
Casual Dining	260.1	3.6% ↑	1.8% ↑	1.4% ↑
Family Apparel	142.1	2.4% ↑	-0.8% ↓	1.4% ↑
Specialty Stores	137.3	-1.8% ↓	1.1% ↑	-3.5% ↓
Grocery Stores	114.0	2.4% ↑	0.3% ↑	-0.1% ↓
Sporting Goods/Bike Stores	97.1	1.5% ↑	-8.5% ↓	-7.5% ↓
Auto Repair Shops	78.4	-1.2% ↓	-5.8% ↓	-8.9% ↓
Convenience Stores/Liquor	74.9	9.8% ↑	2.8% ↑	-2.7% ↓

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