

CITY OF UPLAND

SALES TAX UPDATE

3Q 2024 (JULY - SEPTEMBER)



UPLAND

TOTAL: \$ 6,033,106

0.4%

3Q2024



0.0%

COUNTY



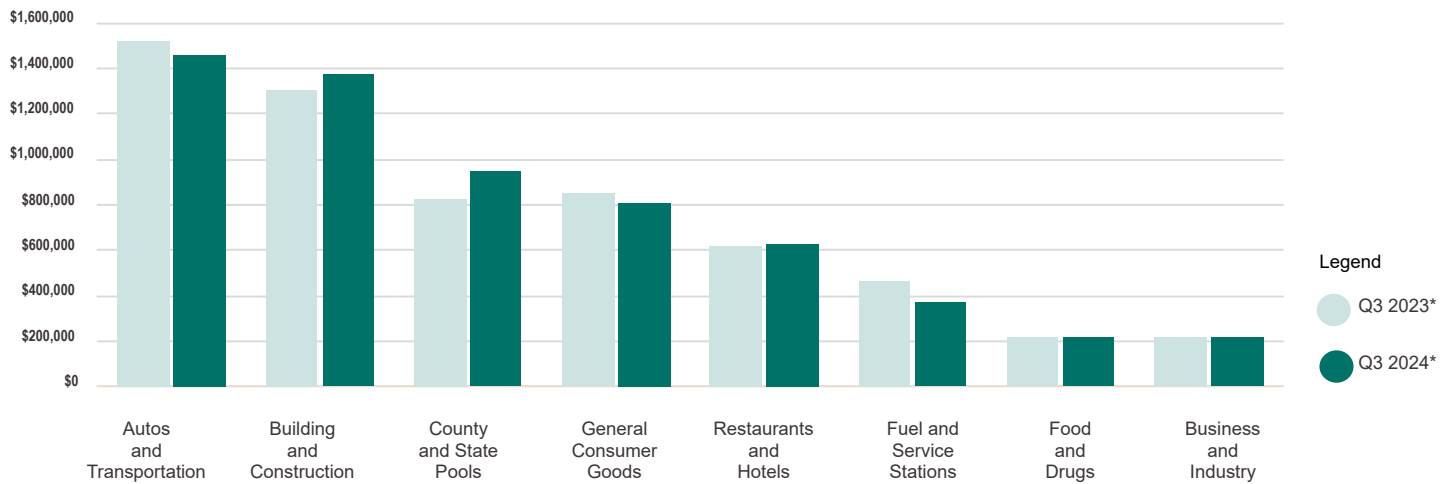
-2.3%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF UPLAND HIGHLIGHTS

Upland's receipts from July through September were 7.5% above the third sales period in 2023. The final portion of a statewide audit, correcting a taxpayer's prior quarter misallocations, puffed up cash comparisons. Excluding all reporting aberrations, actual sales were up 0.4%.

July through September were busy project months; even though materials sales dipped, building-construction rose 5% when capturing all taxpayers within this category.

Cash spikes noted above weighed favorably in the pool distribution formula for the City; allocations temporarily soared 14%; higher than the 3% statewide result.

With menu prices elevating, restaurants-hotels posted 3% better revenues; value oriented patrons spent more, looked for deals at casual and quick service venues.

Other segments with better numbers included grocers, convenience stores and warehouse/construction equipment merchants.

The auto's group decline of 4% was primarily caused by a year ago onetime payment for specialized transportation, slower activity in repair shops.

Fuel-service stations remitted smaller filings, prompted by less consumption and gas price contractions; Upland's 19% reduction exceeded regional trends.

Consumers paid close attention to limiting spending on household essential items as inflation remained a factor in the cost of merchandise; declines recorded by specialty, sporting goods/bike and electronics/appliance stores pulled general consumer goods down 4%.

Net of aberrations, taxable sales for the Southern California region fell 2.3%.



TOP 25 PRODUCERS

- | | |
|------------------------------|----------------|
| 7 Eleven | Nordstrom Rack |
| Angeles Concrete Corporation | Ross |
| Arco | Stater Bros |
| Chevron | Target |
| Chick Fil A | Tesla |
| Crossroads Travel Center | TJ Maxx |
| CVS Pharmacy | Vons Fuel |
| Dick's Sporting Goods | Walmart |
| Euclid Arco | |
| Ford of Upland | |
| Holiday Rock | |
| Home Depot | |
| In N Out Burger | |
| Kohls | |
| Lowe's | |
| Marshalls | |
| Mountain View | |
| Chevrolet | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

Brick-and-mortar general consumer retailers pulled back 3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

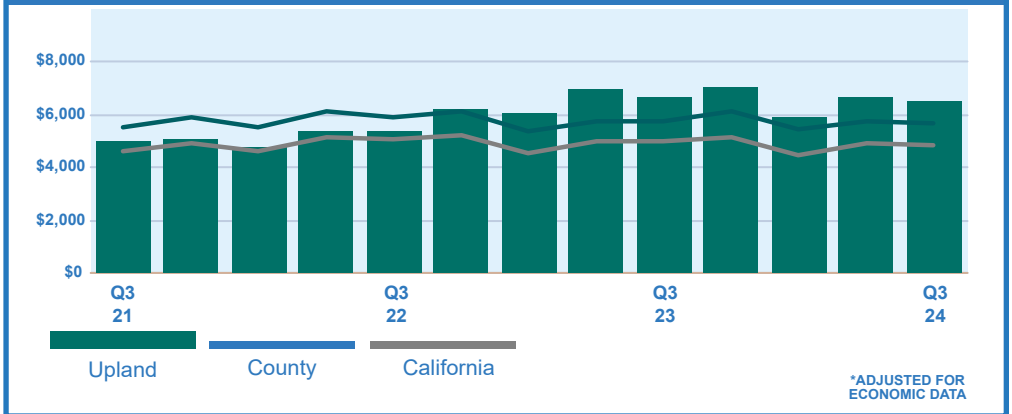
Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments – consistent with spending trends in other sectors. State

mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren’t considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q3 '24*	Change	County Change	HdL State Change
Building Materials	466.5	-3.7% ↓	-5.2% ↓	-4.2% ↓
Service Stations	371.3	-18.9% ↓	-13.3% ↓	-12.8% ↓
Quick-Service Restaurants	316.1	3.0% ↑	2.7% ↑	1.1% ↑
Casual Dining	228.6	2.1% ↑	2.2% ↑	1.1% ↑
Family Apparel	136.8	1.2% ↑	-0.2% ↓	-0.2% ↓
Specialty Stores	126.9	-6.2% ↓	-3.9% ↓	-2.9% ↓
Grocery Stores	109.7	1.8% ↑	4.5% ↑	1.4% ↑
Sporting Goods/Bike Stores	79.6	-5.1% ↓	-0.5% ↓	-4.2% ↓
Fast-Casual Restaurants	77.4	3.9% ↑	3.0% ↑	2.0% ↑
Convenience Stores/Liquor	72.0	3.9% ↑	-1.2% ↓	-2.1% ↓

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*In thousands of dollars