

# CITY OF UPLAND

## SALES TAX UPDATE

### 3Q 2020 (JULY - SEPTEMBER)



#### UPLAND

TOTAL: \$ 3,857,264

9.8%  
3Q2020



7.6%  
COUNTY

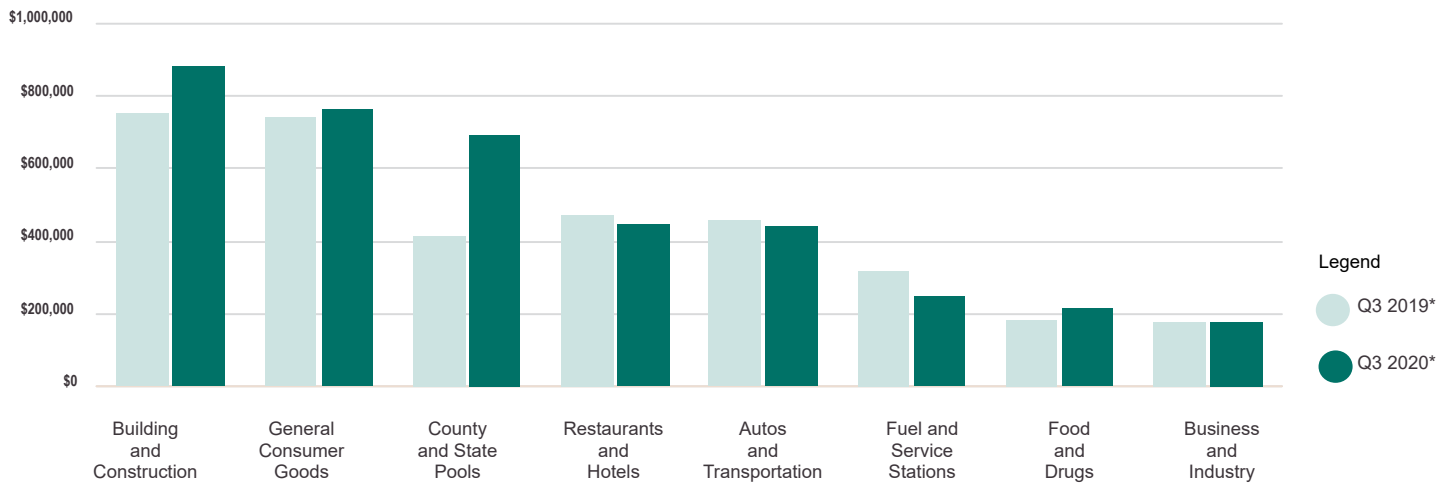


-1.0%  
STATE



*\*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 12.4% above the third sales period in 2019. Excluding reporting aberrations, actual sales were up 9.8%.

Allocations from the countywide use tax pool surged 68%, an increase of \$282,000 from the previous year. The use-tax pool is where most of the revenue associated with internet orders fulfilled from out-of-state is allocated, and these receipts have spiked since a recent legislative change has expanded the number of such purchases subject to taxation. These appropriations were further boosted by the many California consumers who have turned to online shopping during the Covid-19 pandemic to reduce their exposure to contagion.

Building material sales also jumped 25%, outpacing the +16% statewide trend, as consumers have had time to prioritize

home improvements and maximize the comfort and functionality of their living space while cocooning during lockdown.

Conversely, local gas station receipts slumped 23% due to the reduction in vehicle trips amid the pandemic and the decline in fuel prices on the global market.

Casual restaurants also fell 28% after indoor dining restrictions were implemented to combat the health crisis.

Net of aberrations, taxable sales for all of San Bernardino County grew 7.6% over the comparable time period; the Southern California region was down 1.6%.



#### TOP 25 PRODUCERS

- Arco AM PM
- Baker Distributing
- BevMo
- Chevron
- Chick Fil A
- Circle K
- CVS Pharmacy
- Dick's Sporting Goods
- Euclid Arco
- Ford of Upland
- Hobby Lobby
- Holliday Rock
- Home Depot
- In N Out Burger
- Kohls
- Lowes
- Marshalls
- Mountain View Chevrolet
- Nordstrom Rack

- RV Spa
- Stater Bros
- Target
- TJ Maxx
- Vons Fuel
- Walmart



STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last

year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

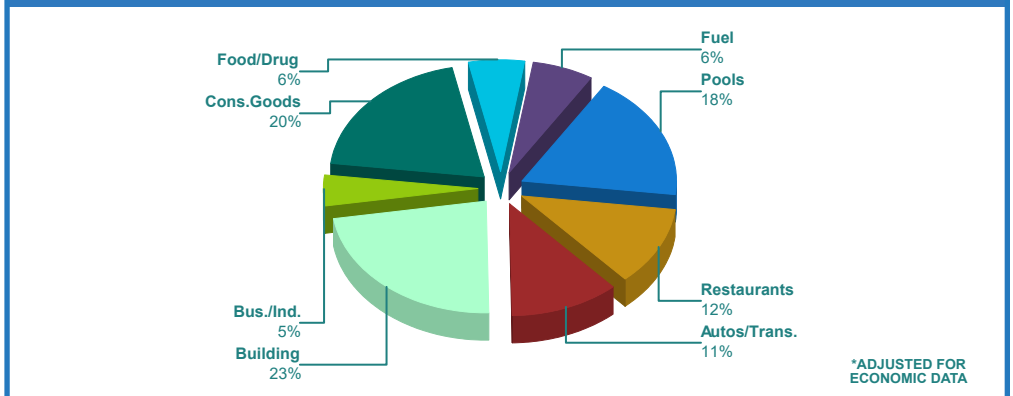
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up

of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

REVENUE BY BUSINESS GROUP  
Upland This Quarter\*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q3 '20*	Change	County Change	HdL State Change
Building Materials	517.7	24.9% ↑	27.1% ↑	16.4% ↑
Quick-Service Restaurants	255.7	6.4% ↑	8.9% ↑	-10.1% ↓
Service Stations	244.5	-22.6% ↓	-23.3% ↓	-28.9% ↓
Casual Dining	119.3	-27.7% ↓	-32.4% ↓	-38.0% ↓
Specialty Stores	107.9	5.8% ↑	1.8% ↑	-8.8% ↓
Grocery Stores	106.9	19.2% ↑	13.7% ↑	7.1% ↑
Family Apparel	96.3	0.0% ↓	-17.0% ↓	-24.5% ↓
Convenience Stores/Liquor	74.4	23.7% ↑	24.3% ↑	15.2% ↑
Sporting Goods/Bike Stores	67.5	34.0% ↑	95.1% ↑	22.1% ↑
Electronics/Appliance Stores	62.9	9.7% ↑	-14.5% ↓	-21.3% ↓

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