

CITY OF UPLAND

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



UPLAND

TOTAL: \$ 5,232,212

12.1%
4Q2022



4.1%
COUNTY

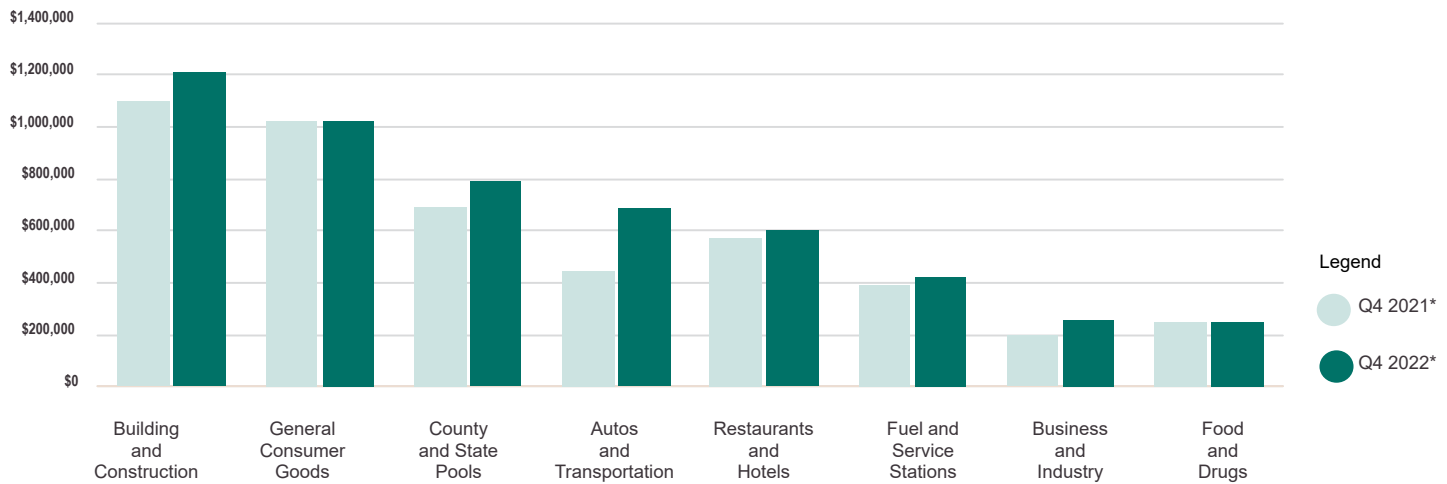


4.7%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF UPLAND HIGHLIGHTS

Upland's receipts from October through December were 9.9% above the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 12.1%.

Consumption spending remained solid during this holiday quarter and accounted for significant overall growth. The City experienced the largest increase from new and used automotive dealers.

There was continued strength in the restaurants and hotels group, led by a boost in casual, fast casual, and quick service dining; however, the industry is beginning to see slowing foot traffic and the staffing crisis is impacting the ability to provide outstanding service at a time when this attribute is key to a positive and expected customer experience.

Sales tax associated with service stations realized growth for the eighth

consecutive quarter due to ongoing solid demand for fuel and high oil barrel and pump prices compared to one year ago. This trend is expected to decline the end of FY 2023-2024 before returning to normal annualized levels of growth. Receipts from heavy and light industrial/printers, state and county pools, and grocery, drug and sporting goods stores, sporting goods/bike stores contributed to the positive growth.

Returns from building materials, plumbing/electrical supplies, medical/biotech, liquor, specialty, and electronic appliance stores, and family apparel declined and partially offset the quarterly gain.

Net of aberrations, taxable sales for all of San Bernardino County grew 4.1% over the comparable time period; the Southern California region was up 5.1%.



TOP 25 PRODUCERS

- BevMo
- Chevron
- Chick Fil A
- CNC Technologies
- Crossroads Travel Center
- Dick's Sporting Goods
- Euclid Arco
- Ford of Upland
- Hobby Lobby
- Holliday Rock
- Home Depot
- In N Out Burger
- Kohls
- Lowe's
- Marshalls
- Mountain View Chevrolet
- Nordstrom Rack
- Ross
- Stater Bros
- Target
- Tesla Motors
- Thrifty
- TJ Maxx
- Vons Fuel
- Walmart



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 4.7% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing it’s greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electronic/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-construction sector.

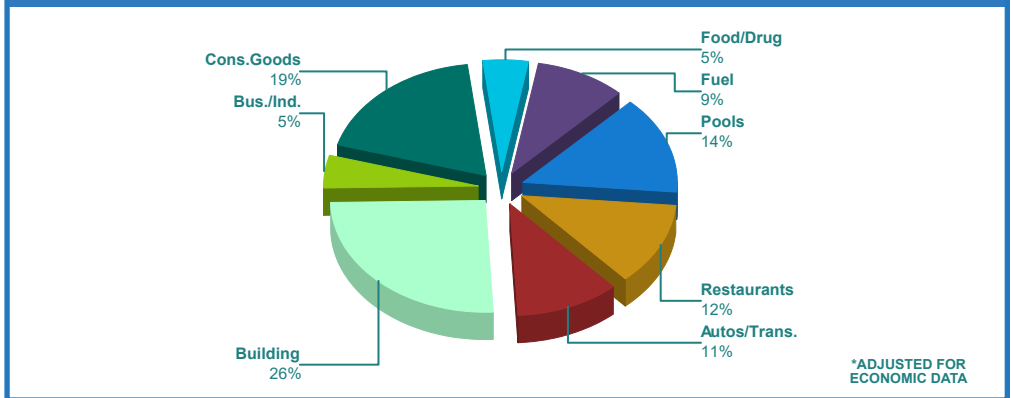
With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency’s coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller’s payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California’s taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP
Upland This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q4 '22*	Change	County Change	HdL State Change
Building Materials	459.1	-2.7% ↓	0.3% ↑	2.1% ↑
Service Stations	415.4	6.1% ↑	5.4% ↑	7.6% ↑
Quick-Service Restaurants	285.2	2.5% ↑	3.1% ↑	5.7% ↑
Casual Dining	225.7	6.7% ↑	4.9% ↑	8.1% ↑
Specialty Stores	161.5	-1.2% ↓	1.1% ↑	2.2% ↑
Family Apparel	160.6	-2.4% ↓	-0.8% ↓	-1.0% ↓
Grocery Stores	124.3	6.3% ↑	9.6% ↑	6.2% ↑
Sporting Goods/Bike Stores	94.9	6.6% ↑	-5.6% ↓	-4.4% ↓
Convenience Stores/Liquor	80.4	-7.4% ↓	-2.3% ↓	0.9% ↑
Fast-Casual Restaurants	74.5	1.1% ↑	2.6% ↑	6.6% ↑

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