

# CITY OF UPLAND

## SALES TAX UPDATE

### 3Q 2023 (JULY - SEPTEMBER)



**UPLAND**

TOTAL: \$ 6,013,117

22.0%  
3Q2023



-4.6%  
COUNTY

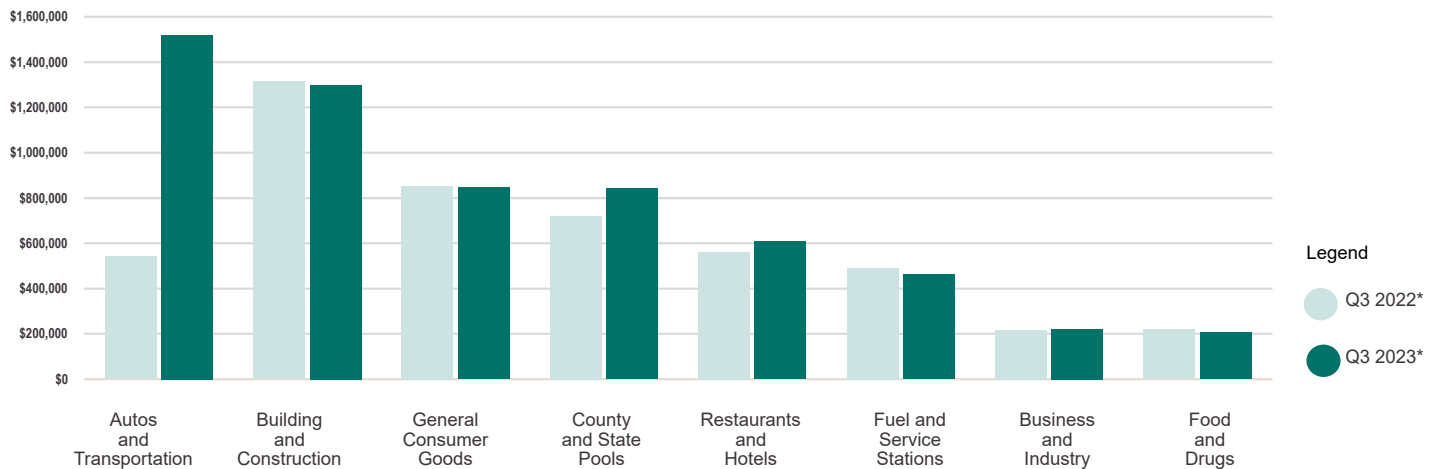


-1.7%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF UPLAND HIGHLIGHTS

Upland's receipts from July through September were 20.9% above the third sales period in 2022. Excluding reporting aberrations, actual sales were up 22.0%.

While product prices, interest rates, and borrowing costs remained high, consumer spending and confidence did not plunge in 2023.

The City experienced the largest jump from its biggest sector, autos & transportation.

The restaurants & hotels industry continued to see growth in this quarter. Menu prices are still rising, but at a slower pace than last year. New legislation, AB 1228 takes effect in April 2024, which requires new minimum wages for fast food restaurants and contributes to the rising prices. Many of these rising costs are passed along to patrons, which has a positive impact on the associated sales

tax. As a result, quick service restaurants realized a boost.

Overall cash received as a percentage of the total cash deposited into San Bernardino County was up significantly, and the associated county pool allocation was much higher than one year ago.

Sales from heavy industrial/printers, drugs/chemicals, plumbing/electrical, and family apparel were also up.

Receipts from fast casual and casual restaurants, light industrial/printers, service stations, building materials, convenience stores, sporting goods, and specialty stores decreased and combined to offset the overall net quarterly gain.

Net of aberrations, taxable sales for the Southern California region was down 1.5%.



### TOP 25 PRODUCERS

- 7 Eleven
- Airbus Helicopters
- Caliber Collision Centers
- Chevron
- Chick Fil A
- Crossroads Travel Center
- Dick's Sporting Goods
- Euclid Arco
- Ford of Upland
- Holiday 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 July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

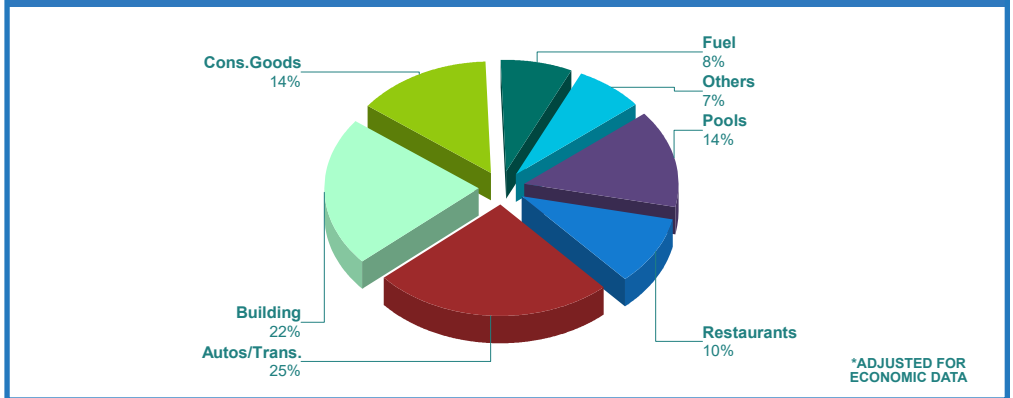
Despite continued increases of new car registrations, revenue from the autos-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

### REVENUE BY BUSINESS GROUP Upland This Quarter\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q3 '23*	Change	County Change	HdL State Change
Building Materials	482.1	-5.3% ↓	-2.3% ↓	-2.7% ↓
Service Stations	457.7	-6.3% ↓	-9.2% ↓	-7.3% ↓
Quick-Service Restaurants	306.7	19.8% ↑	2.5% ↑	2.7% ↑
Casual Dining	213.0	-1.5% ↓	1.6% ↑	2.8% ↑
Family Apparel	136.7	9.0% ↑	5.4% ↑	3.2% ↑
Specialty Stores	132.7	-3.7% ↓	-3.2% ↓	-1.9% ↓
Grocery Stores	107.8	1.5% ↑	-0.5% ↓	2.3% ↑
Sporting Goods/Bike Stores	83.8	-10.9% ↓	3.4% ↑	-4.8% ↓
Auto Repair Shops	75.9	1.1% ↑	-2.4% ↓	-1.0% ↓
Fast-Casual Restaurants	74.8	-4.8% ↓	1.7% ↑	3.3% ↑

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