

# CITY OF UPLAND

## SALES TAX UPDATE

### 4Q 2023 (OCTOBER - DECEMBER)



**UPLAND**

TOTAL: \$ 6,311,700

18.8%  
4Q2023



-2.4%  
COUNTY

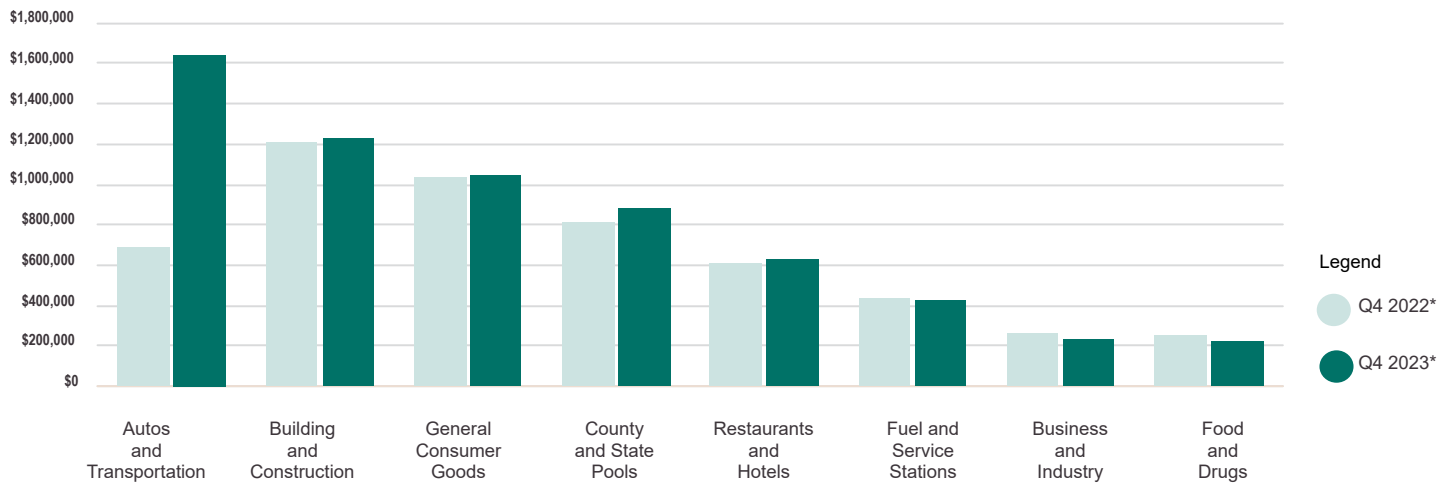


-2.5%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF UPLAND HIGHLIGHTS

Upland's receipts from October through December were 18.6% above the fourth sales period in 2022. Excluding reporting aberrations, actual sales were up 18.8%.

A taxpayer's returns reviewed by the CDTFA determined allocations filed since 2q23 are accurate on a statewide level; the result has been a surge in revenues for the past three quarters and explains the majority of the autos-transportation comparative gains.

Related, the 21% increase in place of sales growth from all of the City's merchants boosted Upland's share of use tax pool allocations.

The second opening of a quick service chicken outlet yielded 11% better totals from this restaurant segment; overall, the group improved 3% as fewer customers patronized casual dining venues.

Contractors stayed busy over the holiday

shopping months; filings from this sector overcame fewer transactions rung up at building materials retailers.

General consumer goods eked out a 1% improvement thanks to additions of shoe and furniture stores.

Weaker grocery store activity along with a partial missing payment from one vendor caused food-drugs to fall 10%. A temporary slump in fuel prices pulled service stations lower.

Year ago one time equipment sales did not recur, business-industry returns sagged even though warehouse/construction vendor payments soared higher.

Net of aberrations, taxable sales for all of San Bernardino County declined 2.4% over the comparable time period; the Southern California region was down 2.0%.



### TOP 25 PRODUCERS

- |                           |              |
|---------------------------|--------------|
| Caliber Collision Centers | Ross         |
| Chevron                   | Stater Bros  |
| Chick Fil A               | Target       |
| Crossroads Travel Center  | Tesla Motors |
| CVS Pharmacy              | Thrifty      |
| Dick's Sporting Goods     | TJ Maxx      |
| Euclid Arco               | Vons Fuel    |
| Ford of Upland            | Walmart      |
| Hobby Lobby               |              |
| Holiday Rock              |              |
| Home Depot                |              |
| In N Out Burger           |              |
| Kohls                     |              |
| Lowes                     |              |
| Marshalls                 |              |
| Mountain View Chevrolet   |              |
| Nordstrom Rack            |              |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women’s apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

Even though revenue from most major

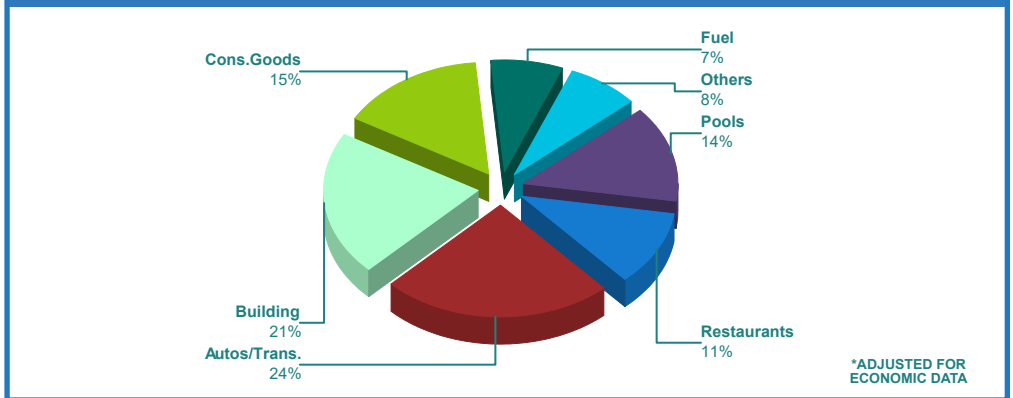
sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for ‘fast food restaurants’, on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady, pool collections contracted with more taxes allocated directly to local agencies via in-state fulfillment and through

existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.

REVENUE BY BUSINESS GROUP  
Upland This Calendar Year\*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Upland Business Type	Q4 '23*	Change	County Change	HdL State Change
Building Materials	443.5	-3.6% ↓	-3.0% ↓	-2.0% ↓
Service Stations	422.2	-1.6% ↓	-5.7% ↓	-4.9% ↓
Quick-Service Restaurants	314.3	10.6% ↑	0.0% ↑	0.4% ↑
Casual Dining	220.4	-6.0% ↓	-1.6% ↓	1.8% ↑
Family Apparel	169.9	1.4% ↑	0.4% ↑	-0.4% ↓
Specialty Stores	167.8	2.7% ↑	-4.4% ↓	-2.1% ↓
Grocery Stores	116.1	-6.8% ↓	-3.2% ↓	-4.6% ↓
Sporting Goods/Bike Stores	97.6	1.4% ↑	-10.2% ↓	-7.2% ↓
Fast-Casual Restaurants	79.3	4.5% ↑	5.1% ↑	1.6% ↑
Auto Repair Shops	73.0	-4.8% ↓	-6.9% ↓	-3.0% ↓

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