

CITY OF REDLANDS

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



REDLANDS

TOTAL: \$ 5,139,277

49.6%
2Q2021



41.5%
COUNTY

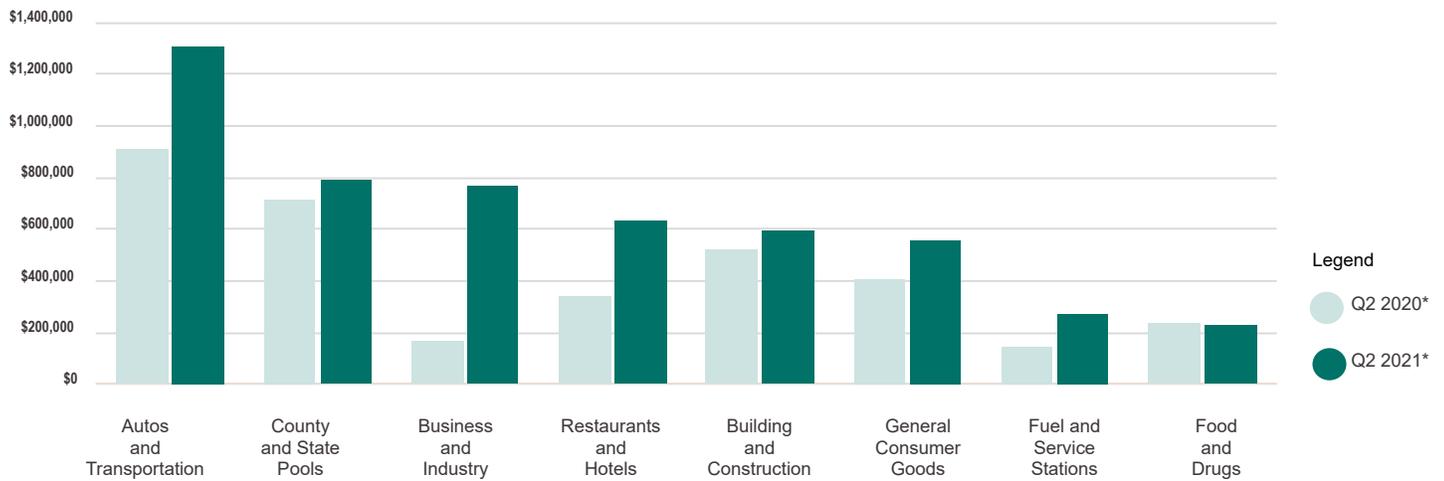


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure T

TOTAL: \$4,620,560



CITY OF REDLANDS HIGHLIGHTS

Redlands' receipts from April through June were 35.9% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 49.6%.

The City's local economy began to emerge from COVID-19 and experienced positive returns from light industrial/printers, new motor vehicles, auto repair shops, and transportation/rentals. Most general consumer goods businesses were up including family apparel, specialty stores, electronics/appliance stores, home furnishings, and sporting goods.

Demand for fuel was solid, and the sales tax associated increased significantly.

Consumers began dining out again, resulting in a positive burst of casual and quick service restaurant activity.

Negative results from drugs/chemicals and grocery stores partially offset the overall strong gain.

The City's first quarter of Transaction and Use Tax Measure T returns generated 90.3% of the Bradley Burns amount.

Net of aberrations, taxable sales for all of San Bernardino County grew 41.5% over the comparable time period; the Southern California region was up 40.3%.



TOP 25 PRODUCERS

Amazon Com Services Inc	McDonalds
Amazon MFA	Metro Nissan of Redlands
Burlington	Redlands Chrysler Jeep Dodge Ram
Circle K	San Manuel Band Of Mission Indians
Citrus Arco	Shell
Enterprise Rent A Car	Stater Bros
Goodman Distribution	Tom Bell Chevrolet
Hatfield Buick & GMC Truck	Tom Bell Toyota
Home Depot	Valero
HYR Powersports	Vector Steel
Ken Grody Ford Redlands	Walmart
L & W Supply	
Lowe's	
Marshall's	



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

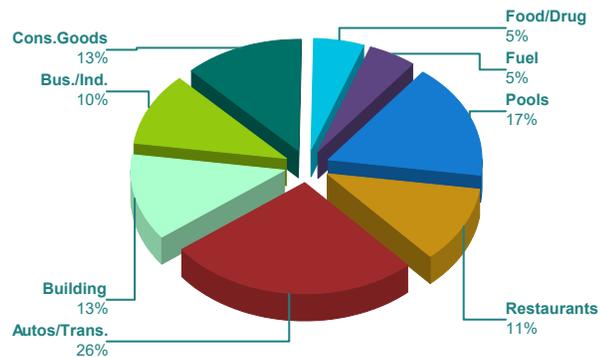
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.

REVENUE BY BUSINESS GROUP
Redlands This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Redlands Business Type	Q2 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,057.3	49.9% ↑	55.7% ↑	55.9% ↑
Building Materials	499.1	17.8% ↑	22.2% ↑	21.7% ↑
Service Stations	267.4	86.2% ↑	76.7% ↑	73.9% ↑
Quick-Service Restaurants	261.3	37.1% ↑	23.6% ↑	28.8% ↑
Casual Dining	199.0	98.3% ↑	119.5% ↑	130.3% ↑
Grocery Stores	164.5	-4.9% ↓	1.1% ↑	-0.9% ↓
Family Apparel	94.6	194.6% ↑	209.2% ↑	230.5% ↑
Contractors	86.6	2.6% ↑	20.1% ↑	23.6% ↑
Specialty Stores	73.6	34.6% ↑	84.1% ↑	67.7% ↑
Automotive Supply Stores	70.7	14.9% ↑	11.9% ↑	15.2% ↑

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*In thousands of dollars