

CITY OF REDLANDS

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



REDLANDS

TOTAL: \$ 4,986,555

4.6%

3Q2022



8.2%

COUNTY



8.0%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure T

TOTAL: \$5,248,711

↑ 2.4%



CITY OF REDLANDS HIGHLIGHTS

Redlands's receipts from July through September were 2.0% above the third sales period in 2021. Excluding reporting aberrations, actual sales were up 4.6%.

Crude oil pricing remains at relatively high levels which allowed the City to end the period in a favorable position for the last seven quarters. Auto dealerships are beginning to build inventory which allowed for increased sales and strong returns for the quarter.

Consumers continue to venture out to restaurants after the pandemic lockdowns allowing for 5.1% increase. This increase is due to both consumer visits, but also higher menu prices brought on by increased labor and food costs.

General consumer goods have begun to follow the state trend with lower

revenue results. This is attributable to lower post-pandemic spending on items such as sporting goods, home furnishings and apparel.

The City's share of the countywide use tax pool increased 6.8% compared to the same period in the prior year.

The City's Transaction and Use Tax Measure T generated 105.8% of the Bradley-Burs amount led by sales from general consumer goods and building & construction.

Net of aberrations, taxable sales for all of San Bernardino County grew 8.2% over the comparable time period; the Southern California region was up 8.1%.



TOP 25 PRODUCERS

- | | |
|----------------------------|----------------------------------|
| Amazon Com Services | McDonalds |
| Amazon MFA | Metro Nissan of Redlands |
| Circle K | Redlands Chrysler Jeep Dodge Ram |
| Citrus Arco | Redlands Shell |
| Dr Martens | Select Comfort |
| Enterprise Rent A Car | Shell |
| Goodman Distribution | Stater Bros |
| Hatfield Buick & GMC Truck | Tom Bell Chevrolet |
| Home Depot | Tom Bell Toyota |
| HYR Powersports | Valero |
| Ken Grody Ford Redlands | Walmart |
| L & W Supply | |
| Lowes | |
| Marshalls | |



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

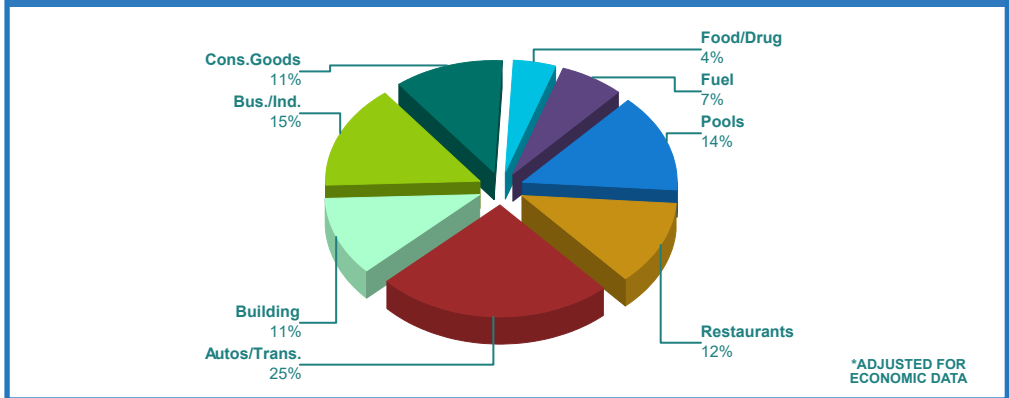
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

REVENUE BY BUSINESS GROUP Redlands This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Redlands Business Type	Q3 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	980.1	9.7% ↑	7.9% ↑	9.9% ↑
Fulfillment Centers	514.7	12.5% ↑	24.4% ↑	11.9% ↑
Building Materials	476.5	-1.6% ↓	-0.4% ↓	2.8% ↑
Service Stations	333.7	13.0% ↑	18.2% ↑	18.4% ↑
Quick-Service Restaurants	255.2	0.2% ↑	-1.0% ↓	4.0% ↑
Casual Dining	250.8	9.5% ↑	5.2% ↑	10.1% ↑
Grocery Stores	161.2	1.3% ↑	3.0% ↑	3.0% ↑
Home Furnishings	92.3	-0.9% ↓	-10.3% ↓	-6.2% ↓
Contractors	83.6	11.4% ↑	22.1% ↑	15.5% ↑
Automotive Supply Stores	76.4	5.5% ↑	5.5% ↑	5.3% ↑

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