Redlands’ receipts from January through March were 88.2% above the first sales period in 2020. Excluding aberrations, actual sales were up 40.8%.

The variance between cash receipts and actual sales was due to businesses taking advantage of the tax deferral programs put in place in the first quarter of 2020 at the onset of the pandemic and a large negative adjustment that depressed the City’s prior year pool allocation.

Locally, point of sale actual receipts rose 35.6% in this first comparison to a quarter that was impacted by Covid-19 restrictions. The City benefited from an allocation methodology change by an in town business that resulted in new revenue and a couple one-time use tax allocations that boosted business and industry 345%.

New auto sales that declined early in the pandemic rose for the third straight quarter, gaining 41.8% consistent with countywide trends. Double-digit gains in multiple retail categories pushed general consumer goods 32.3% higher. Building materials sales remained strong, up 23.3%. Higher retail gas prices lifted service station sales 5.7%.

Casual dining continued to struggle, losing 19.7%. A payment anomaly that inflated prior year results caused a 50.8% drop in drug stores.

The large jump in point of sale receipts and continued surging pool receipts produced a 78.3% in the City’s allocation from the countywide use tax pool. Taxable sales for all of San Bernardino County grew 23.2% over the comparable time period; the Southern California region was up 9.0%.
The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters. The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions. Changes in business structure required a taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online. Although indoor dining was available in many counties, the recovery for restaurants and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.