Redlands In Brief

Redlands’ receipts from October through December were 8.6% above the fourth sales period in 2017 in part because previously missing payments were recovered. Excluding these and other reporting adjustments, actual receipts were up 4.3%.

This period, new car sales bucked the recent trend of modest declines. To fuel those new cars, folks are paying more at the pump as prices rose a modest amount this period.

Several recently opened dining venues helped bolster receipts but several reporting errors were responsible for much of the increase reported by the construction group. Corporate capital outlay improved the results of the business-industry group.

General consumer good sales activity reflects a prior store closure and a pair of onetime transactions that occurred in the comparison period that negatively skewed results.

Net of adjustments, taxable sales for all of San Bernardino County grew 3.3% over the comparable time period while those of the entire Southern California region were up 2.6%.

Top 25 Producers
In Alphabetical Order

|-----------------|------------|-------|----------|------------|-----------------------|-----------------------|--------------|--------------------------|------------|------------------|-------|-----------|-----------|----------------------|-----------------|----------------|----------------|----------|-----------------------|----------------|---------------|-------|-------------|---------|

Revenue Comparison

Two Quarters – Fiscal Year To Date (Q3 to Q4)

<table>
<thead>
<tr>
<th></th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Point-of-Sale</td>
<td>$5,632,946</td>
<td>$6,574,527</td>
</tr>
<tr>
<td>County Pool</td>
<td>716,687</td>
<td>857,322</td>
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<tr>
<td>State Pool</td>
<td>2,943</td>
<td>3,262</td>
</tr>
<tr>
<td>Gross Receipts</td>
<td>$6,352,577</td>
<td>$7,435,110</td>
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Statewide Results

The local one cent share of sales and use tax from October through December sales was 2.8% higher than 2017’s holiday quarter after factoring for state reporting aberrations.

The overall increase came primarily from a solid quarter for contractor materials and equipment, expanded production by an auto manufacturer and rising fuel prices. Online fulfillment centers, new technology investment and cannabis start-ups also produced significant gains. Receipts in the six county Sacramento region grew 7.9% over last year while the remainder of the state was generally flat or exhibited only minor growth.

Notable was the 0.09% rise in tax receipts from brick and mortar retailers which is the lowest holiday gain for that sector since 2009. A 9.6% increase in receipts from online shopping which is allocated to central order desks or county pools was part of the reason. Other factors include lower prices, gift cards which move purchases to future quarters and greater gifting of non-taxable experiences and services.

The Retail Evolution Continues

A recent survey identified U.S. closures of 102 million sq. ft. of retail space in 2017 and an additional 155 million sq. ft. in 2018. Similar losses are expected in 2019 with 5,300 closures already announced. Payless Shoes, Gymboree, Performance Bicycle and Charlotte Russe are going out of business while chains including Sears, Kmart, Macy’s, JCPenney, Kohl’s, Nordstrom, Dollar Tree, Victoria’s Secret, Chico’s, Foot Locker and Lowe’s have announced plans for further cuts in oversaturated markets and downsizing of stores.

Retailers are not planning the end of physical stores which continue to be important for personalized experiences and shopping entertainment. However, the shifting trends encourage reduced square footage with less overhead to better compete on prices and provide more intimate shopping encounters.

With smartphones allowing purchase and delivery of almost anything at any time of the day without leaving home, big box retailers are responding by downsizing stores and subleasing excess space to compatible businesses to help draw traffic. Locations where people congregate for entertainment, food and services have become part of the evolving strategy as has integrating retail with more convenient spots for pick-up and delivery of online orders.

Barry Foster of Hdl’s EconSolutions, notes that “shifting shopping habits present challenges but also opportunities.” “Smaller footprints enable expanding into smaller niche markets while mixed use projects and 18-hour environments are chances to rebuild downtowns and reinvigorate shopping centers.”

With more companies using the internet to sell directly to customers from their warehouses, the trend also provides jurisdictions whose populations aren’t adequate in size to support large scale retail to focus on industrial development for sales tax as well as jobs.