

# CITY OF REDLANDS

## SALES TAX UPDATE

### 1Q 2023 (JANUARY - MARCH)



#### REDLANDS

TOTAL: \$ 4,535,377

-4.4%

1Q2023



-3.6%

COUNTY



-1.1%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure T

TOTAL: \$4,859,649

↑ 0.3%



#### CITY OF REDLANDS HIGHLIGHTS

Redlands's receipts from January through March were 6.8% below the first sales period in 2022. Excluding reporting aberrations, actual sales were down 4.4%.

The City experienced fuel & service stations sector declines as year-over-year comparisons were stymied by the historic pricing of 2022. This trend is expected to continue into the third quarter of 2023.

Restaurants & hotels enjoyed another quarter of positive growth of 5.4%, as consumers continued to enjoy the ability to be outside after the prolonged pandemic lockdowns.

Auto sales declined as high pricing & interest rates put downward pressure on consumers' ability to finance transactions. General consumer goods have followed a downward trend as consumers pull back on spending due to concerns about the current economy.

Measure T, the City's voter-approved transactions and use tax, brought in an additional \$4,859,649 led by sales from the business & industry and restaurants & hotels categories.

Net of aberrations, taxable sales for all of San Bernardino County declined 3.6% over the comparable time period; the Southern California region was down 0.8%.



#### TOP 25 PRODUCERS

Albertsons	Marshalls
Amazon Com Services	McDonalds
Amazon MFA	Metro Nissan of Redlands
AutoZone	Redlands Chrysler Jeep Dodge Ram
Circle K	Select Comfort
Citrus Arco	Shell
Dr Martens Airwair USA	Stater Bros
Enterprise Rent A Car	Tom Bell Chevrolet
Hatfield Buick & GMC Truck	Tom Bell Toyota
Home Depot	Vector Steel
Ken Grody Ford Redlands	Walmart
Kyocera Medical Technologies	
L & W Supply	
Lowe's	



## STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

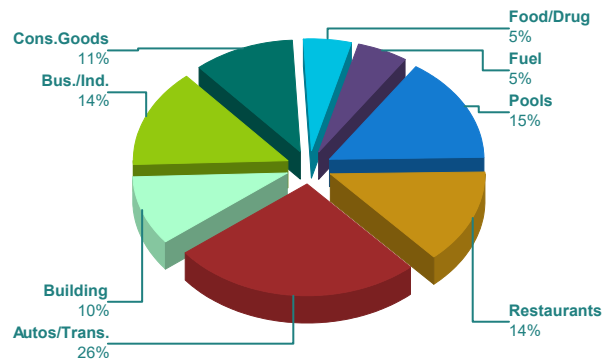
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

### REVENUE BY BUSINESS GROUP Redlands This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Redlands Business Type	Q1 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	920.4	-5.4% ↓	-3.0% ↓	0.8% ↑
Fulfillment Centers	419.9	-13.3% ↓	-8.4% ↓	8.3% ↑
Building Materials	385.8	-9.2% ↓	-14.0% ↓	-9.7% ↓
Casual Dining	267.3	8.7% ↑	8.6% ↑	9.7% ↑
Quick-Service Restaurants	252.9	1.7% ↑	3.8% ↑	5.1% ↑
Service Stations	247.9	-14.7% ↓	-9.9% ↓	-9.8% ↓
Grocery Stores	166.0	6.4% ↑	3.7% ↑	5.5% ↑
Automotive Supply Stores	82.3	17.2% ↑	3.0% ↑	5.4% ↑
Family Apparel	73.7	-1.1% ↓	3.0% ↑	2.3% ↑
Specialty Stores	72.3	3.7% ↑	1.7% ↑	3.9% ↑

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\*In thousands of dollars