

CITY OF REDLANDS

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



REDLANDS

TOTAL: \$ 3,943,902

8.6%
4Q2020



7.0%
COUNTY

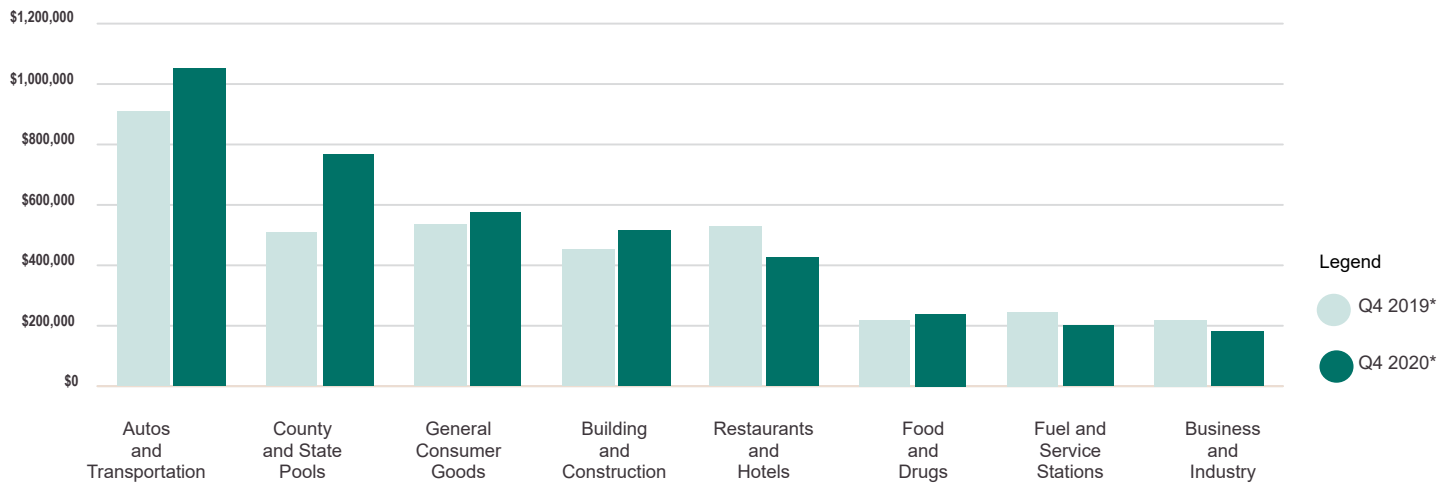


-2.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF REDLANDS HIGHLIGHTS

Redlands' receipts from October through December were 5.2% above the fourth sales period in 2019. Excluding reporting aberrations, actual sales were up 8.6%.

Sales of trucks and SUVs pushed up totals from autos-transportation as consumers continued to prefer them to passenger cars. While consumers remain focused on home improvement projects, dramatic price spikes on an array of construction supplies in 2020 combined with a 20%+ tariff on some goods imported from Canada resulted in higher receipts from building and construction.

General consumer goods posted solid gains as consumers shifted their spending from service-based businesses to retail stores. Food and drug stores continue to increase their omni-channel investments to reap COVID-driven gains

in online ordering and curbside grocery pick-up.

Off-premises restaurant sales, including restaurant delivery apps, were not enough to offset year over year losses from in-person dining. Gasoline prices have seen a slow, steady increase since reaching a multiyear low late April 2020, but still far below pre-pandemic levels.

A large, one-time use tax payment in the year-ago period caused a temporary decrease in receipts from the business-industry sector.

The City's share of the countywide use tax pool increased 49.3% over the same period in the prior year. Net of aberrations, taxable sales for all of San Bernardino County grew 7.0% over the comparable time period; the Southern California region was down 2.7%.



TOP 25 PRODUCERS

- Albertsons
- Ashley Furniture
- Burlington
- Calply
- Circle K
- Citrus Arco
- CVS Pharmacy
- Enterprise Rent A Car
- Hatfield Buick & GMC Truck
- Home Depot
- HYR Powersports
- Ken Grody Ford Redlands
- Lowes
- Marshalls
- McDonalds
- Metro Nissan of Redlands
- Redlands Chrysler Jeep Dodge Ram
- Stater Bros
- Tom Bell Chevrolet
- Tom Bell Toyota
- Trader Joes
- USA Gasoline
- Vector Steel
- Vons
- Walmart



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

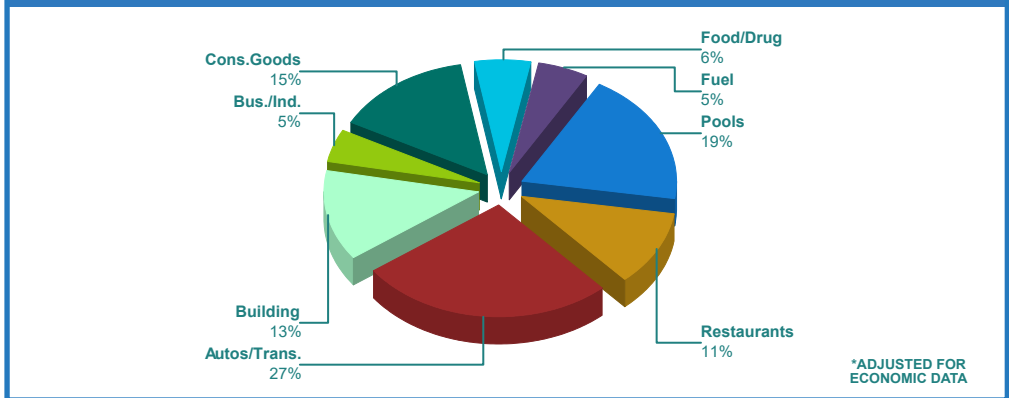
The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset

the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

REVENUE BY BUSINESS GROUP
Redlands This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Redlands Business Type	Q4 '20*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	830.9	18.4% ↑	12.0% ↑	7.2% ↑
Building Materials	432.4	24.8% ↑	26.5% ↑	17.4% ↑
Quick-Service Restaurants	234.8	9.4% ↑	7.6% ↑	-8.7% ↓
Service Stations	199.0	-18.3% ↓	-26.0% ↓	-31.3% ↓
Grocery Stores	180.6	13.0% ↑	11.0% ↑	5.2% ↑
Casual Dining	116.8	-43.8% ↓	-34.7% ↓	-39.4% ↓
Family Apparel	99.1	1.7% ↑	-5.3% ↓	-16.1% ↓
Specialty Stores	75.1	0.2% ↑	0.4% ↑	-6.7% ↓
Contractors	73.2	-26.2% ↓	-0.1% ↓	2.3% ↑
Automotive Supply Stores	64.9	4.6% ↑	10.0% ↑	3.3% ↑

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