

Q1 2013



City of San Rafael Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

San Rafael In Brief

Receipts for San Rafael's January through March sales were 7.6% higher than the same quarter one year ago. Actual sales activity was up 9.9% when reporting aberrations were factored out.

A payment deviation in lumber/building materials understated the gain in building and construction as a whole. Once all onetime events were removed, this group rose 15.6%.

New businesses and an increase in office supplies/furniture boosted returns in business and industry while sales activity rose in new autos. Post-holiday sales were up in most general retail sectors including family apparel and specialty stores.

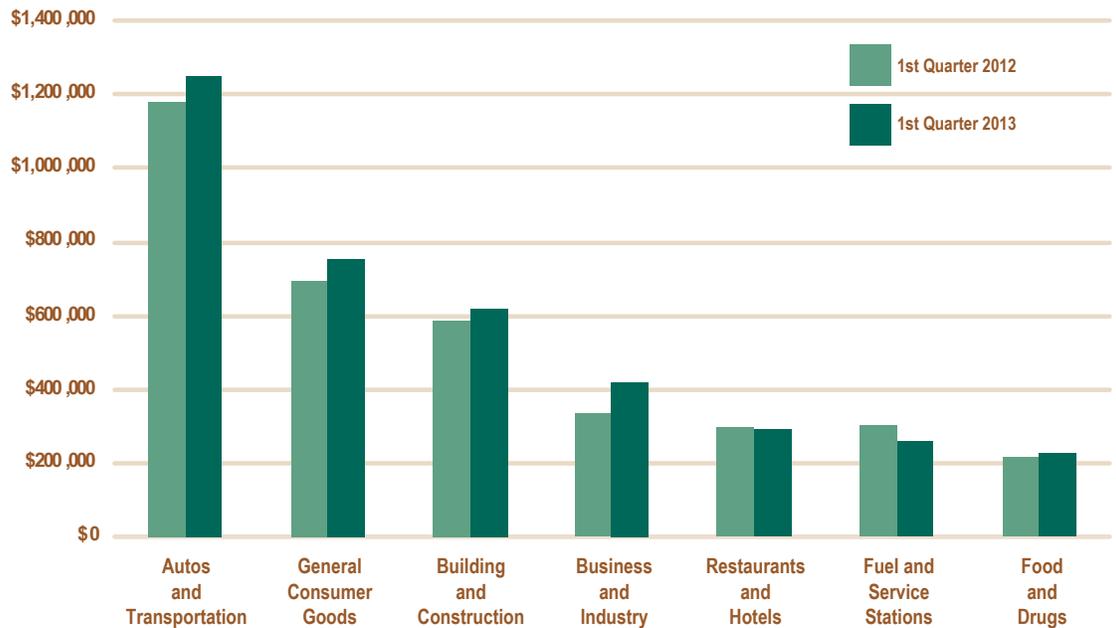
An increase in the countywide use tax allocation pool contributed to higher gross receipts.

Temporary payment deviations overstated the decline in service stations. A late payment in restaurants with no alcohol offset the gain from a new eatery in restaurants with liquor.

Revenues from the city's voter-approved Measure "S" generated an additional \$1,623,008 for a 8.2% increase compared to last year.

Adjusted for aberrations, taxable sales for all of Marin County increased 11.4% over the comparable time period, while the Bay Area as a whole was up 6.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Arco Smog Pros	Macs
Autodesk	Marin Honda
Best Buy	Marin Mazda
California Motors	Marin Toyota
Consolidated Electrical Distributors	Rab Motors
Daimler Trust	Rafael Lumber
Financial Services Vehicle Trust	Safeway
Golden State Lumber	Scotland Car Yard
Home Depot	Sears
Infiniti Marin	Shamrock Materials
Irwin Shell	Sonnen Audi Volkswagen
Lexus of Marin	Sonnen BMW
	Whole Foods Market

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$14,884,356	\$15,564,796
County Pool	1,601,795	1,876,224
State Pool	5,398	7,961
Gross Receipts	\$16,491,549	\$17,448,981
Less Triple Flip*	\$(4,122,887)	\$(4,362,245)
Gross Trans. Tax	\$6,346,083	\$6,725,465

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

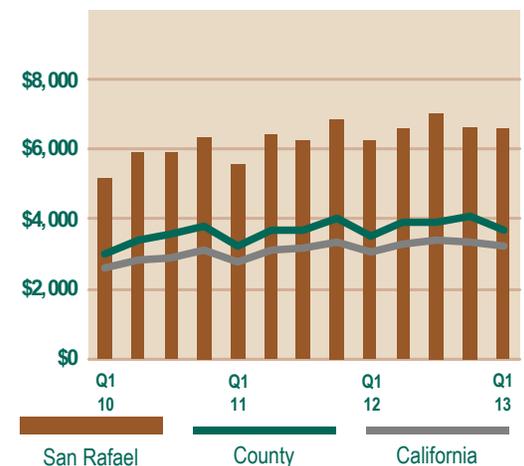
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



SAN RAFAEL TOP 15 BUSINESS TYPES

Business Type	San Rafael		County	HdL State
	Q1 '13*	Change	Change	Change
Auto Lease	147.9	26.6%	60.8%	37.4%
Auto Repair Shops	82.2	13.1%	9.8%	3.9%
Contractors	85.1	18.6%	20.7%	6.0%
Department Stores	120.6	8.8%	2.8%	5.1%
Electronics/Appliance Stores	177.7	2.0%	0.6%	-3.3%
Family Apparel	84.2	9.6%	6.6%	16.2%
Grocery Stores Liquor	81.9	5.7%	3.3%	24.7%
Home Furnishings	85.6	-1.6%	2.9%	4.7%
Lumber/Building Materials	404.2	-0.7%	-0.4%	7.2%
New Motor Vehicle Dealers	824.1	4.0%	5.8%	9.5%
Office Supplies/Furniture	140.3	106.2%	80.8%	-0.5%
Restaurants Liquor	114.9	4.1%	10.3%	6.5%
Restaurants No Alcohol	96.2	-5.2%	-3.8%	6.0%
Service Stations	256.2	-15.0%	-6.8%	-2.2%
Used Automotive Dealers	86.7	-17.0%	22.3%	7.9%
Total All Accounts	\$3,819.7	5.8%	6.4%	5.7%
County & State Pool Allocation	506.8	23.4%		
Gross Receipts	\$4,326.6	7.6%		<i>*In thousands</i>