

# Q2 2013



# City of San Rafael Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

## San Rafael In Brief

Receipts from second quarter sales were 4.2% above the like sales period one year earlier but reporting aberrations skewed the data. Excluding anomalies, actual sales gained 3.8%.

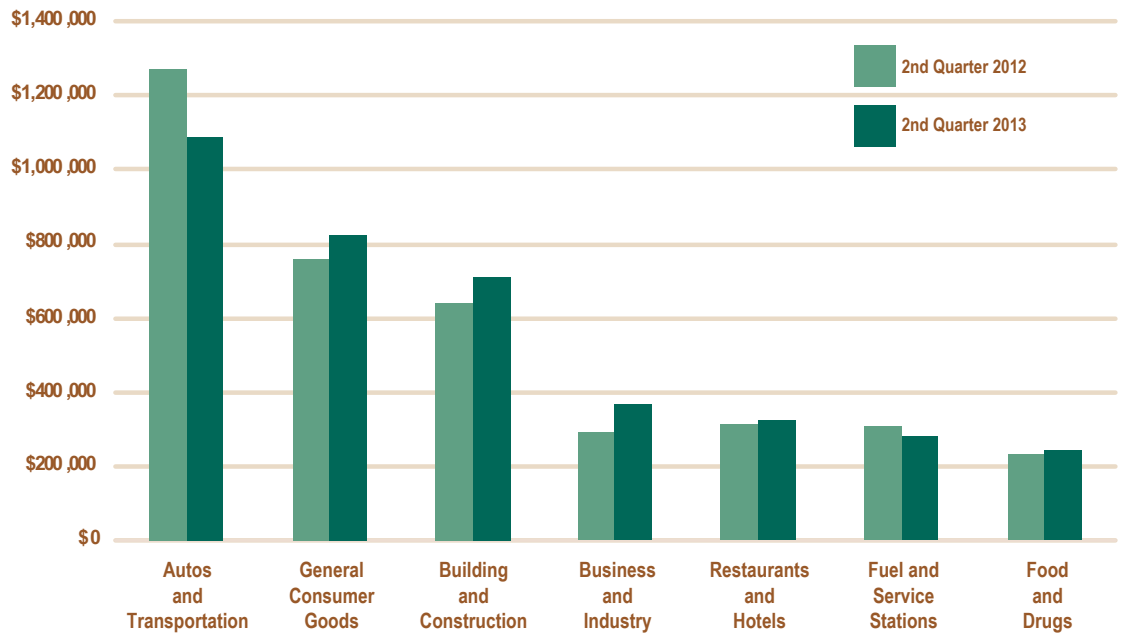
The strongest dollar gains were in the building and construction, business and industry and general consumer goods groups. Lumber and building materials and contractor sales boosted building and construction totals; retroactive payment adjustments that temporarily cut receipts last year inflated the business and industry comparison; and general consumer goods benefited from strong electronics, family apparel, and department store results.

A late or delayed payment and softer sales of used autos cut autos and transportation proceeds; whereas lower prices for gasoline cut fuel and service station totals.

Receipts from the city's voter-approved Measure "S" were up 4.5% after factoring out temporary accounting adjustments.

Net of onetime aberrations, all of Marin County was up 6.1%; statewide sales grew 5.4%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Arco Smog Pros	Marin Mazda
Best Buy	Orchard Supply Hardware
California Motors	Rab Motors
Consolidated Electrical Distributors	Rafael Lumber
Daimler Trust	Safeway
Financial Services Vehicle Trust	Scotland Car Yard
Golden State Lumber	Sears
Home Depot	Shamrock Materials
Infiniti Marin	Sonnen Audi Volkswagen
Irwin Shell	Sonnen BMW
Lexus of Marin	Unocal 76
Macys	Whole Foods Market
Marin Honda	

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$3,811,180	\$3,849,120
County Pool	399,482	540,371
State Pool	3,776	2,731
<b>Gross Receipts</b>	<b>\$4,214,438</b>	<b>\$4,392,222</b>
Less Triple Flip*	\$(1,053,609)	\$(1,098,056)
<b>Measure S</b>	<b>\$1,653,619</b>	<b>\$1,768,703</b>

\*Reimbursed from county compensation fund

## State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

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## The Remaining Fiscal Year

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

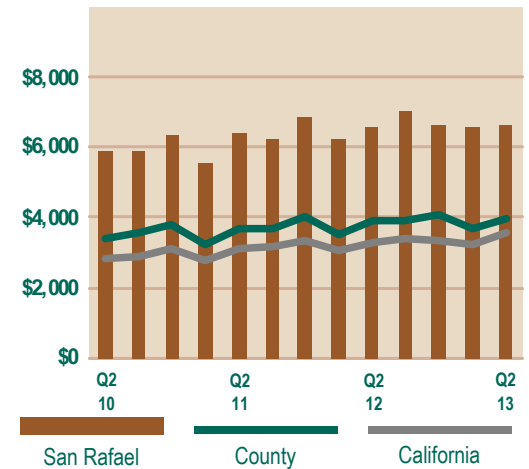
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

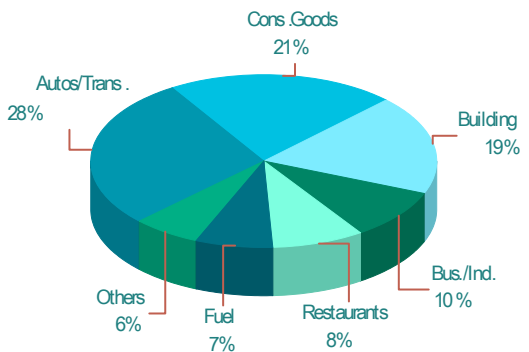
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP

San Rafael This Quarter



## SAN RAFAEL TOP 15 BUSINESS TYPES

Business Type	San Rafael		County	HdL State
	Q2 '13*	Change	Change	Change
Auto Lease	139.7	14.8%	6.5%	13.4%
Auto Repair Shops	83.9	6.5%	7.7%	5.1%
Contractors	109.6	21.7%	24.5%	5.5%
Department Stores	142.9	11.0%	1.5%	0.2%
Electronics/Appliance Stores	181.3	10.3%	3.7%	3.8%
Family Apparel	97.0	7.6%	0.6%	4.8%
Grocery Stores Liquor	88.7	5.0%	3.7%	2.6%
Home Furnishings	93.0	-1.8%	0.7%	6.8%
Lumber/Building Materials	453.0	6.3%	6.1%	-4.4%
New Motor Vehicle Dealers	654.6	-21.6%	-13.2%	11.1%
Restaurants Liquor	124.7	9.3%	8.1%	9.3%
Restaurants No Alcohol	105.0	-2.6%	4.2%	5.9%
Service Stations	281.1	-7.7%	-4.8%	-5.7%
Sporting Goods/Bike Stores	82.6	1.6%	2.6%	4.1%
Used Automotive Dealers	94.6	-9.0%	0.7%	9.5%
<b>Total All Accounts</b>	<b>\$3,849.1</b>	<b>1.0%</b>	<b>1.8%</b>	<b>7.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>543.1</b>	<b>34.7%</b>		
<b>Gross Receipts</b>	<b>\$4,392.2</b>	<b>4.2%</b>		<i>*In thousands</i>