

# Q3 2014



# City of San Rafael Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

## San Rafael In Brief

Receipts for San Rafael's July through September sales were 2.2% higher than the same quarter one year ago. Actual sales activity was up 6.2% when reporting aberrations were factored out.

A retroactive adjustment in new autos that inflated year-ago returns accounted for the decline in the autos and transportation group. Once adjusted for this onetime event, new auto sales were up 14.6%. Auto leasing and used autos were up as well.

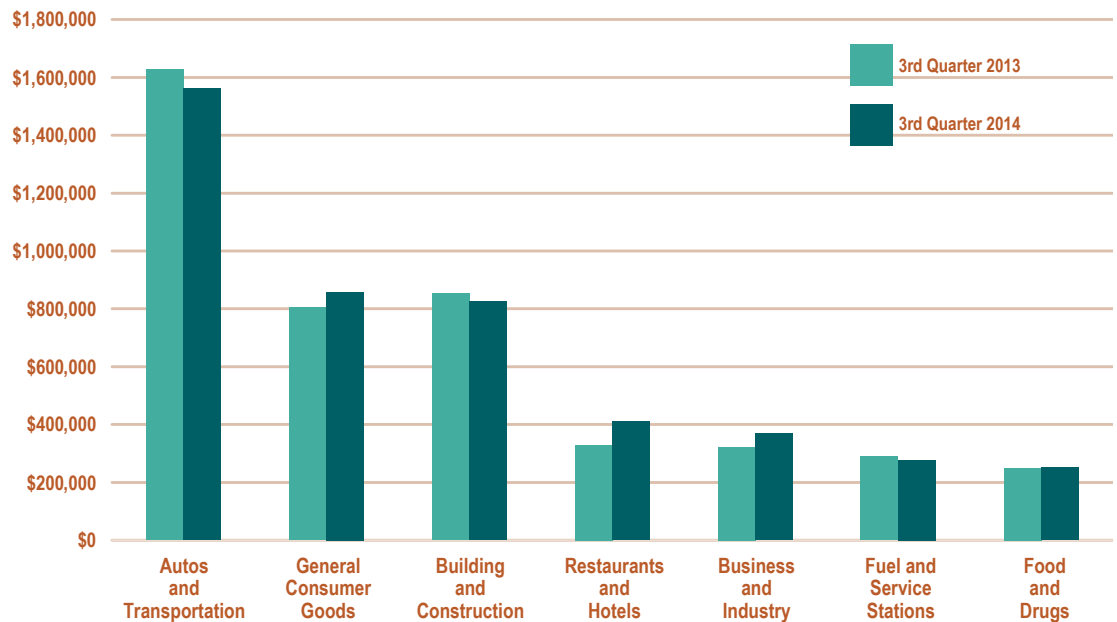
The increase in general consumer goods was due to recent openings in several categories including specialty stores. Otherwise, summer season performance was lower in most sectors compared to a year ago.

An allocation related to prior quarters spiked returns in quick-service restaurants. Nonetheless, casual and fast-casual results showed good performance. The loss in building and construction was the result of a payment deviation.

Revenues from the city's voter-approved transactions tax generated an additional \$2,832,830.

Adjusted for aberrations, taxable sales for all of Marin County increased 4.8% 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

Au Energy Shell Station	Marin Infiniti/Nissan
Best Buy	Marin Mazda
California Builder Appliances	Marin Toyota
California Motors	McDonalds
Consolidated Electrical Distributors	RAB Mercedes-Benz
Financial Services Vehicle Trust	Rafael Lumber
Golden State Lumber	Safeway
Home Depot	Scotland Car Yard
Lexus of Marin	Mitsubishi
Macys	Sears
Marin Honda	Shamrock Materials
	Sonnen BMW
	Sonnen VW/Audi/ Porche
	Target
	Whole Foods Market

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$4,478,345	\$4,554,782
County Pool	601,055	635,124
State Pool	1,719	3,173
<b>Gross Receipts</b>	<b>\$5,081,120</b>	<b>\$5,193,080</b>
Less Triple Flip*	\$(1,270,280)	\$(1,298,270)
<b>Measure S</b>	<b>\$1,888,829</b>	<b>\$11,757</b>
<b>Measure E</b>	<b>\$0</b>	<b>\$2,821,073</b>

**California Overall**

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

**The Impact of Falling Gas Prices on Sales Tax**

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

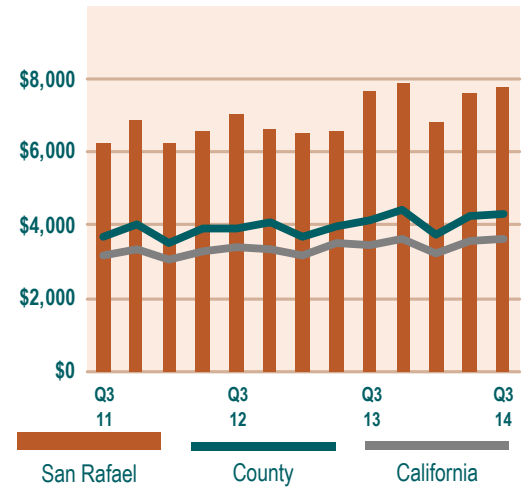
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

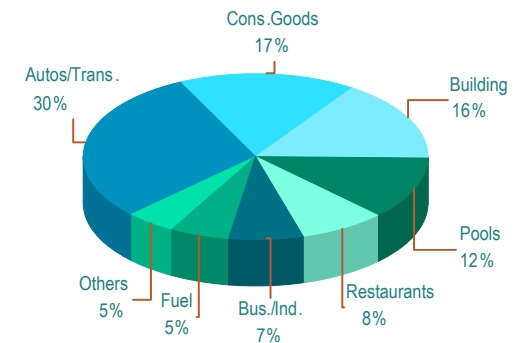
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

San Rafael This Quarter



**SAN RAFAEL TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	San Rafael Q3 '14*	San Rafael Change	County Change	HdL State Change
Auto Lease	141.7	11.9%	12.0%	3.2%
Auto Repair Shops	86.3	-5.2%	-1.1%	6.5%
Casual Dining	182.7	14.8%	7.3%	6.5%
Contractors	157.8	-0.1%	2.1%	11.5%
Department Stores	— CONFIDENTIAL —		3.0%	0.8%
Electronics/Appliance Stores	189.8	-3.8%	-1.8%	2.7%
Family Apparel	89.0	-0.4%	-7.5%	6.0%
Grocery Stores Beer/Wine	76.5	-1.9%	-0.1%	2.6%
Home Furnishings	98.0	-8.9%	0.3%	6.5%
Lumber/Building Materials	503.1	-4.7%	-4.2%	4.7%
New Motor Vehicle Dealers	1,151.7	-6.1%	5.6%	8.0%
Quick-Service Restaurants	117.1	57.7%	21.1%	8.3%
Service Stations	275.9	-4.3%	0.1%	1.2%
Specialty Stores	93.9	15.1%	7.0%	5.6%
Used Automotive Dealers	77.3	6.9%	1.2%	11.9%
<b>Total All Accounts</b>	<b>\$4,554.8</b>	<b>1.7%</b>	<b>3.6%</b>	<b>5.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$638.3</b>	<b>5.9%</b>	<b>7.9%</b>	<b>10.2%</b>
<b>Gross Receipts</b>	<b>\$5,193.1</b>	<b>2.2%</b>	<b>4.1%</b>	<b>6.1%</b>