

CITY OF SAN RAFAEL

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



SAN RAFAEL

TOTAL: \$ 6,064,664

1.1%
4Q2020



-3.5%
COUNTY

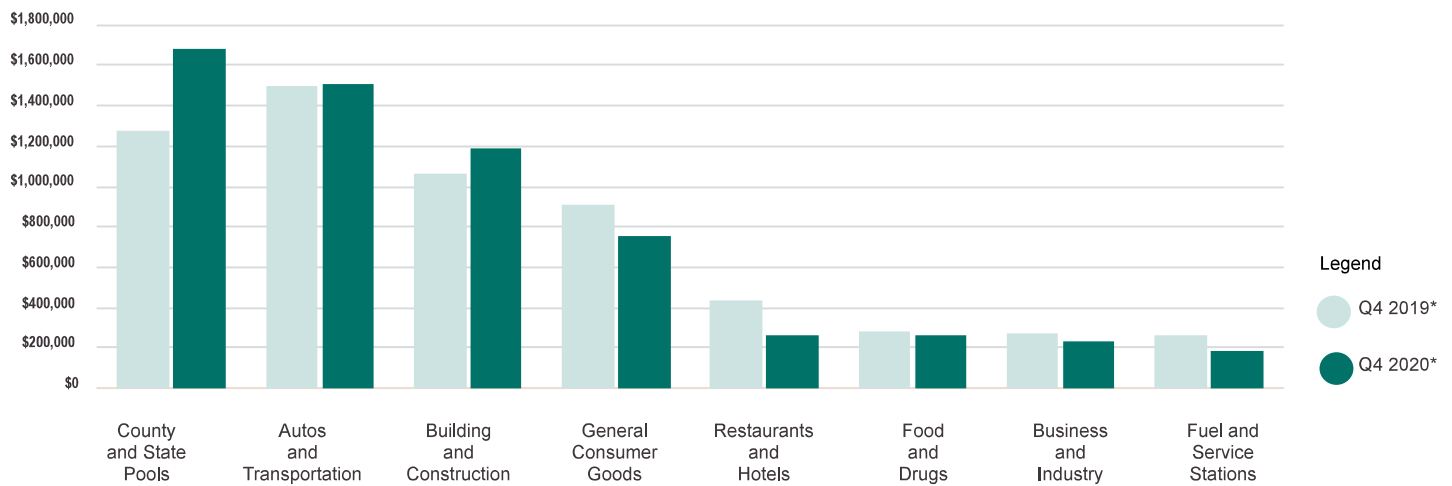


-2.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure E

TOTAL: \$3,430,816

-2.4%



CITY OF SAN RAFAEL HIGHLIGHTS

San Rafael's actual sales from October through December, adjusted for reporting anomalies, were 1.1% above the fourth sales period in 2019.

New motor vehicle dealers grew sales 5.5%; results would have been higher had a taxpayer paid their full liability for the quarter. Home improvements remained a hot commodity; 17% growth came from building materials plus plumbing/electrical supply houses spiked 11%.

E-commerce spending surged over the holidays; the 32% pool allocation increase captured heightened consumer preferences for online purchases over in-store transactions.

The COVID-19 upheaval kept its grip on some segments, especially those businesses that rely on high foot-traffic volumes. A smaller number of customers caused declines in electronics/appliances, service stations and department stores. Casual and quick service restaurants sold fewer meals. Weaker filings transpired in food-drugs and business-industry.

Measure E's decline noted above revealed pandemic impacts as the root cause for losses in gas stations and dining establishments. Net of aberrations, taxable sales for all of Marin County declined 3.5% over the comparable time period; the Bay Area was down 8.0%.



TOP 25 PRODUCERS

- | | |
|--------------------------------------|------------------------------------|
| Au Energy Shell Station | Marin Mazda |
| Audi Leasing / Bentley Leasing | Marin Subaru |
| Audi Marin | Marin Toyota |
| Best Buy | Maserati & Alfa Romeo of Marin |
| BMW of San Rafael | Mercedes Benz of Marin |
| Calmat Co | Nissan/Infiniti Of Marin |
| Consolidated Electrical Distributors | Pace Supply |
| Daimler Trust | Rafael Lumber |
| Financial Services Vehicle Trust | Safeway |
| Golden State Lumber | Target |
| Home Depot | Water Components & Building Supply |
| Jacksons Hardware | |
| Lexus of Marin | |
| Macys | |



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

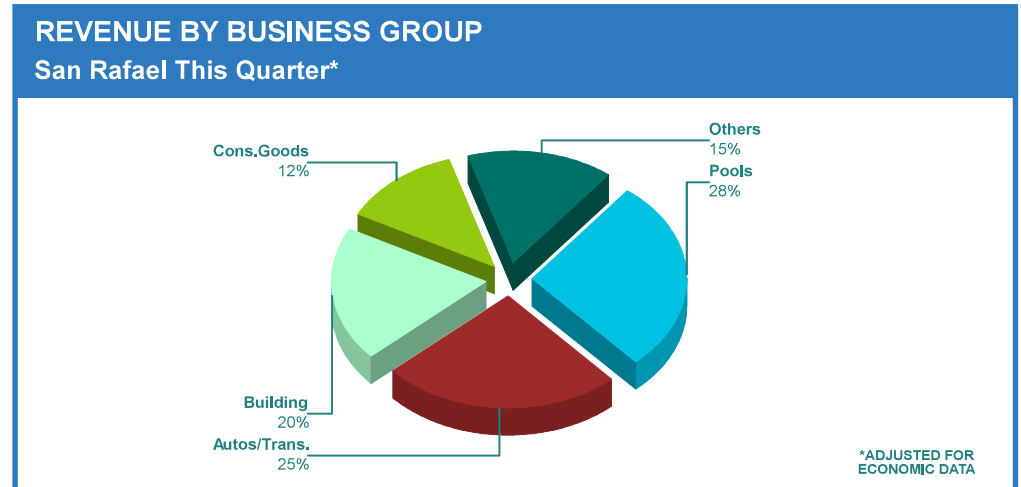
presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

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.



TOP NON-CONFIDENTIAL BUSINESS TYPES

San Rafael Business Type	Q4 '20*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,065.4	5.5% ↑	10.9% ↑	7.2% ↑
Building Materials	864.9	17.4% ↑	14.8% ↑	17.7% ↑
Auto Lease	201.3	-8.9% ↓	-5.1% ↓	2.2% ↑
Service Stations	180.4	-31.7% ↓	-36.5% ↓	-31.2% ↓
Electronics/Appliance Stores	156.5	-27.3% ↓	-38.1% ↓	-25.0% ↓
Contractors	149.0	-12.5% ↓	-4.9% ↓	2.3% ↑
Plumbing/Electrical Supplies	138.3	11.2% ↑	11.2% ↑	2.0% ↑
Grocery Stores	137.0	-5.7% ↓	-1.4% ↓	5.2% ↑
Casual Dining	132.3	-43.3% ↓	-35.3% ↓	-39.4% ↓
Home Furnishings	122.9	-2.5% ↓	-5.9% ↓	1.1% ↑

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