

# CITY OF SAN RAFAEL

## SALES TAX UPDATE

### 1Q 2021 (JANUARY - MARCH)



#### SAN RAFAEL

TOTAL: \$ 5,152,052

1.6%  
1Q2021



10.3%  
COUNTY

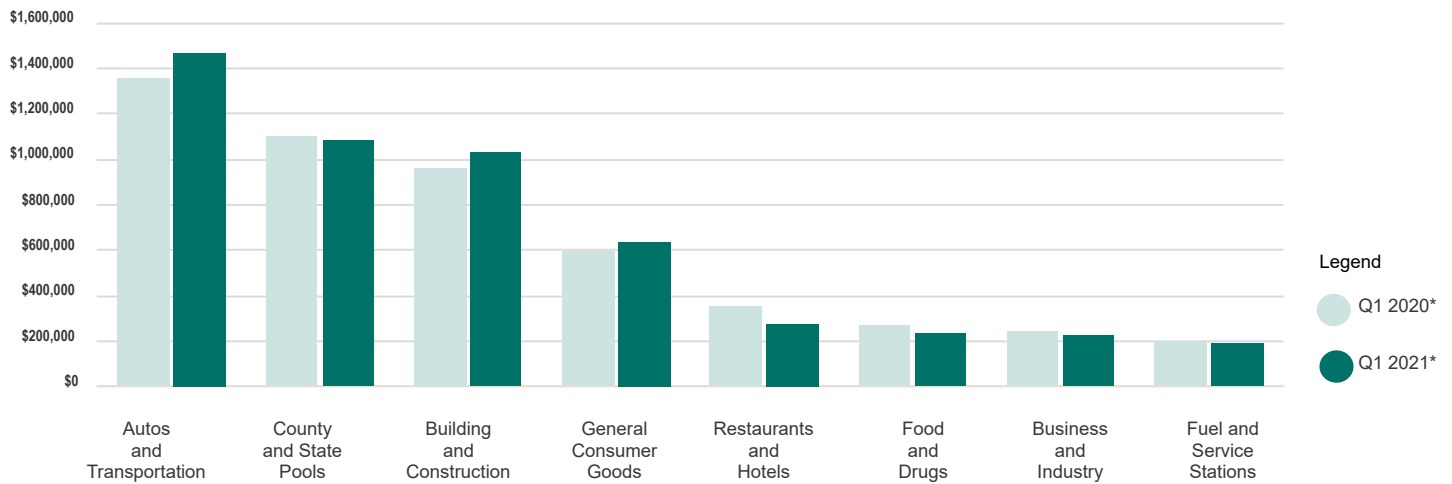


9.5%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure E

TOTAL: \$3,005,942

↑ 5.0%



#### CITY OF SAN RAFAEL HIGHLIGHTS

San Rafael's receipts from January through March were 25.9% above the first sales period in 2020. Excluding late/deferred payments and other reporting issues, receipts for the period were up 1.6%.

New vehicle sales caught fire this period, accounting for the gain in receipts. This was followed by a jump in construction spending which reflects higher lumber prices and the extended trend in home improvement projects. Home furnishings and sporting goods were the bright spots in the general consumer goods group.

While the remaining business groups reported yet another quarter of decline,

with the exception of the food-drug group, the rates of decline were lower than before, indicating that recovery is likely to start in the next quarter.

Measure E reported its first positive quarter following 3 quarters of decline. New and used car registrations were up along with activity at general retail and online outlets. Reporting on Measure R begins next quarter.

Net of adjustments, taxable sales for all of Marin County grew 10.3% over the comparable time period while those of the Bay Area were up 0.8%.



#### 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         |
| Consolidated Electrical Distributors | Nissan/Infiniti Of Marin       |
| Daimler Trust                        | Pace Supply                    |
| Financial Services Vehicle Trust     | Rafael Lumber                  |
| Golden State Lumber                  | Safeway                        |
| Home Depot                           | Target                         |
| Home Goods                           | Toyota Lease Trust             |
| Jacksons Hardware                    |                                |
| Lexus of Marin                       |                                |
| Marin Honda                          |                                |



## STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions.

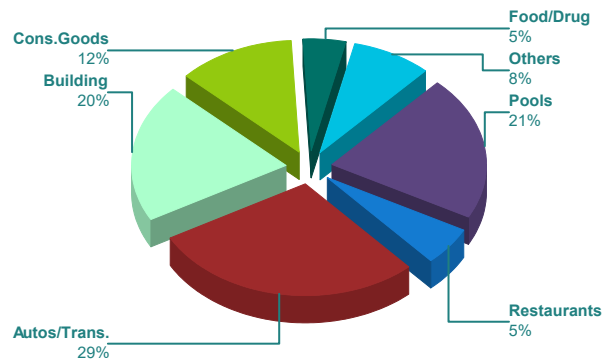
Changes in business structure required a taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

Although indoor dining was available in

many counties, the recovery for restaurants and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

### REVENUE BY BUSINESS GROUP San Rafael This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

San Rafael Business Type	Q1 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,044.1	18.7% ↑	67.2% ↑	33.2% ↑
Building Materials	782.6	15.8% ↑	16.6% ↑	18.9% ↑
Service Stations	191.9	-3.3% ↓	-4.7% ↓	-3.9% ↓
Auto Lease	191.3	-13.2% ↓	-14.9% ↓	-1.1% ↓
Electronics/Appliance Stores	143.6	10.0% ↑	-22.7% ↓	9.0% ↑
Casual Dining	140.5	-24.8% ↓	-16.5% ↓	-18.9% ↓
Plumbing/Electrical Supplies	125.0	6.5% ↑	6.7% ↑	4.5% ↑
Home Furnishings	122.0	25.0% ↑	16.7% ↑	19.3% ↑
Grocery Stores	112.7	-14.4% ↓	-12.5% ↓	-6.2% ↓
Contractors	95.8	-33.8% ↓	-21.0% ↓	3.6% ↑

\*Allocation aberrations have been adjusted to reflect sales activity

\*In thousands of dollars