CITY OF SAN RAFAEL
SALES TAX UPDATE
2Q 2021 (APRIL - JUNE)

San Rafael’s receipts from April through June were 31.9% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 35.0%.

New car sales were up despite the fact that choices were limited with reduced inventories at some outlets as savvy shoppers made their vehicle selections as news outlets shared reports of future chip shortages and idle auto plants impacting delivery to dealers.

The re-opening of the economy helped bolster retail spending in the General Consumer Goods group. Restaurants reflect the first gains in several quarters, in part due to increased capacity at casual eateries with customers eager to dine-in again.

Voter approved Measure E transaction tax results benefited with the increase in vehicles purchased-registered in the City, increased dining activity and robust retail sales in home furnishings and electronics/appliances.

In its inaugural period of collection, Measure R, the quarter cent voter approved transaction tax, reaped the rewards of the economic recovery.

Net of aberrations, taxable sales for all of Marin County grew 45.3% over the comparable time period; the Bay Area was up 34.1%.

CITY OF SAN RAFAEL HIGHLIGHTS

Measure E
TOTAL: $3,523,657
36.6%

Measure R
TOTAL: $1,149,208

TOP 25 PRODUCERS

Au Energy Shell Station
Audi Leasing / Bentley Leasing
Audi Marin
Best Buy
BMW of San Rafael
Calmat Co
Consolidated Electrical Distributors
CPG Beyond
Daimler Trust
Financial Services
Vehicle Trust
Golden State Lumber
Home Depot
Lexus of Marin
Macys
Marin Honda
Marin Mazda
Marin Subaru
Marin Toyota
Maserati & Alfa Romeo of Marin
Mercedes Benz of Marin
Nissan/Infiniti Of Marin
Pace Supply
Rafael Lumber
Target
Volvo Cars Marin

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The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California’s recovery, we’ve seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.