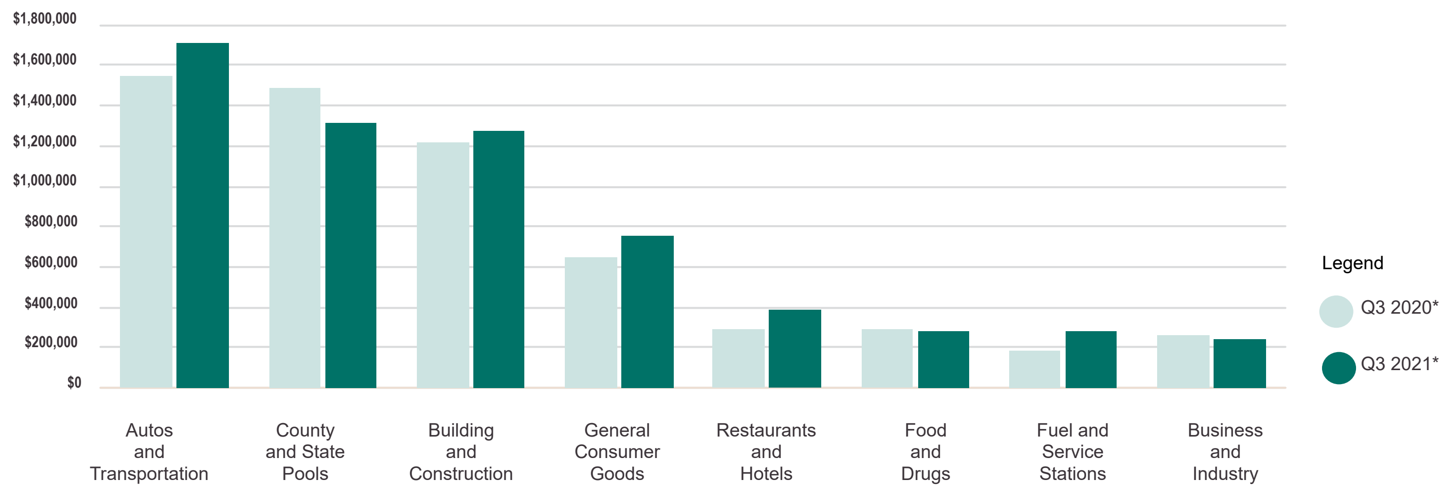
CITY OF SAN RAFAEL
SALES TAX UPDATE
3Q 2021 (JULY - SEPTEMBER)

SAN RAFAEL
THE CITY WITH A MISSION

SAN RAFAEL TOTAL: $ 6,241,436	5.2% 3Q2021 ↑	12.8% COUNTY ↑	18.3% STATE ↑

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure E
TOTAL: $3,555,442
↑ 7.1%

Measure R
TOTAL: $1,155,412
→

CITY OF SAN RAFAEL HIGHLIGHTS

San Rafael's receipts from July through September were 2.0% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 5.2%.

The City's largest category, new motor vehicle dealerships, saw sales that were in line with the rest of the State; the group posted 15.7% gains for the quarter.

Building materials slowed but contractors growth pushed the building-construction group up. Fuel and service station receipts were pushed up by the rising prices at the pumps; results were up 47%.

Rising menu prices and the strong desire to dine out contributed to the growth in restaurants, but most of the growth is attributed to the capacity restrictions in the comparable quarter; casual dining restaurants grew 45% while quick-service restaurants grew 11%.

Continued spending in the home furnishing category and a return to spending at electronic stores was the reason for the positive results in general consumer goods.

Both district taxes also benefited from strong vehicle purchases by residents and the rising fuel prices.

Net of aberrations, taxable sales for all of Marin County grew 12.8% over the comparable time period; the Bay Area was up 15.1%.

TOP 25 PRODUCERS

- Au Energy Shell Station
- Audi Leasing / Bentley Leasing
- Audi Marin
- Best Buy
- BMW of San Rafael
- Calmat Co
- Consolidated Electrical Distributors
- 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
- Pace Supply
- Rafael Lumber
- Safeway
- Target
- Volvo Cars Marin
- Water Components & Building Supply

STATEWIDE RESULTS

Local one cent sales and use tax receipts for sales occurring July through September were 18% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These aberrations had been much greater than normal in the last two years as the Governor's Executive Orders allowed businesses to defer some sales tax payments as a supportive measure during the pandemic. This program has now expired, and merchant remittances are more consistent, making cash receipts more reflective of underlying economic activity.

The prior year comparison quarter was the start of the pandemic recovery, and the strong growth enjoyed since continued with the recent results.

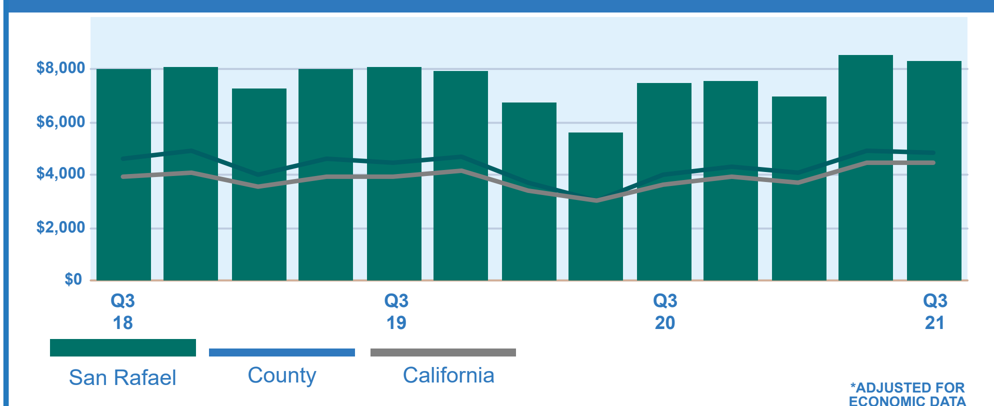
Surprisingly, one of the stronger sectors has been restaurants and hotels. Originally forecasted to take an extended amount of time to recover, statewide sales tax generated during the summer months exceeded amounts from pre-pandemic 2019. Even with the availability of indoor and outdoor dining, pent up demand resulted in long wait times to enjoy local culinary experiences. When combined with increasing restaurant tabs as the cost of food and staff wages surge, sales tax remittances are expected to continue growing. Additionally, while the industry awaits the return of foreign tourism in metropolitan areas, strong domestic travel has helped varied regions around the state especially Southern California and the Central Coast.

Receipts from general consumer goods marked a steady recovery, led by apparel retailers, jewelry, electronic/appliance and specialty outlets. Discount department stores, especially those selling gas, helped exemplify the strength of brick-and-mortar merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome sign leading up to the holiday shopping period.

Although car dealers had expressed concerns about inventory shortages due to supply chain disruptions and computer chip shortages earlier in the year, the sale of new and used vehicles posted solid gains regardless. Higher property values and good weather contributed to strong building materials and contractor returns. As commuting workers and travelers returned to the road with increased gas prices, fuel and service stations also experienced a dramatic recovery.

Overall growth is expected to continue through the end of the 2021 calendar year. Possible headwinds into 2022 include: pent up demand for travel and experiences shifting spending away from taxable goods; higher prices for fuel, merchandise and services displacing more of consumer's disposable income; and expected interest rate hikes resulting in more costly financing for automobiles, homes, and consumer loans.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

San Rafael Business Type	Q3 '21*	Change		County Change		HdL State Change	
New Motor Vehicle Dealers	1,250.8	15.7%	↑	18.9%	↑	18.9%	↑
Building Materials	905.2	1.1%	↑	0.9%	↑	5.4%	↑
Service Stations	277.8	47.3%	↑	60.0%	↑	53.6%	↑
Casual Dining	201.9	45.5%	↑	49.8%	↑	68.3%	↑
Auto Lease	185.2	-8.3%	↓	-9.3%	↓	-1.9%	↓
Contractors	183.2	27.9%	↑	20.0%	↑	12.2%	↑
Electronics/Appliance Stores	161.9	20.4%	↑	28.7%	↑	19.7%	↑
Plumbing/Electrical Supplies	143.4	2.7%	↑	3.0%	↑	13.7%	↑
Home Furnishings	140.4	18.9%	↑	29.2%	↑	11.0%	↑
Grocery Stores	128.5	3.5%	↑	-2.1%	↓	-0.2%	↓

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