

# CITY OF SAN RAFAEL

## SALES TAX UPDATE

### 1Q 2022 (JANUARY - MARCH)



#### SAN RAFAEL

TOTAL: \$ 5,569,429

6.0%  
1Q2022



58.5%  
COUNTY

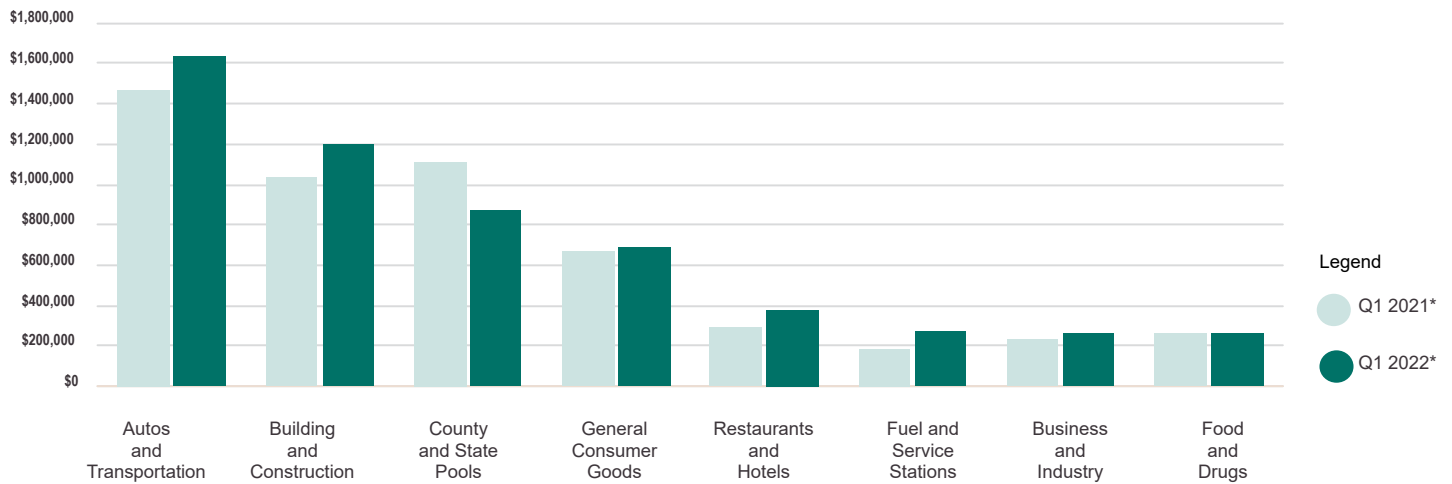


17.1%  
STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure E

TOTAL: \$3,476,945

13.8%

#### Measure R

TOTAL: \$1,130,981



#### CITY OF SAN RAFAEL HIGHLIGHTS

San Rafael's receipts from January through March were 7.2% above the first sales period in 2021. Excluding reporting aberrations, actual sales were up 6.0%.

Buyers willing paid above MSRP at new auto dealerships; 15% improvement included owner's preferences to move into luxury brands. Inflationary-based costs explained a 16% increase from building-construction; the top three segments all posted heartier sales.

Allocations from service stations surged 45% after the Russian invasion of Ukraine in February significantly lifted gasoline prices.

Casual dining and other restaurants-hotel's operations continued to rebound from the pandemic as people got out of the house to come together again; overall, this sector recovered 31%.

A City within Marin received an exorbitant taxpayer remittance in error; this gaffe caused the pool allocation to fall unexpectedly. A future recovery for the City is forthcoming. The bulk of \$420,000 more in Measure E taxes came from building, autos, eateries and fuel. Measure R remitted taxes for the fourth time.

Net of aberrations, taxable sales for the Bay Area rose 17.9%.



#### TOP 25 PRODUCERS

- Au Energy Shell Station
- Audi Leasing / Bentley Leasing
- Audi Marin
- Best Buy
- BMW of San Rafael
- Consolidated Electrical Distributors
- Daimler Trust
- Financial Services Vehicle Trust
- Fuel 24 7 Northgate
- Golden State Lumber
- Home Depot
- Jacksons Hardware
- Lexus of Marin
- 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
- Safeway
- Target
- Volvo Cars Marin



**STATEWIDE RESULTS**

California’s local one-cent sales and use tax for sales occurring January through March was 17% higher than the same quarter one year ago, after adjusting for accounting anomalies and onetime payments from previous quarters. By all accounts, the California retail economy continues roaring along. Even with instability in the stock market, the crisis in Ukraine pushing up the global price of crude oil and the U.S. Federal Reserve Board beginning to tackle inflation with a series of rate increases, consumer spending continued at a strong pace.

The invasion of Ukraine by Russian military forces on February 24 had an immediate upward impact on the global price of crude oil due to fears of supply shortages. Subsequently this has caused a dramatic jump to California consumer gas and diesel prices at a time when many in the workforce were commuting back into offices, also contributing to an overall increase in consumption. As expected, fuel and service station receipts increased 47% over last year and show no signs of pulling back with summer travel right around the corner.

Sales of new and used vehicles continue to be robust causing the autos and transportation sector to jump 15% for the period. Inventory shortages by some dealers may have caused buyers to experience a Fear Of Missing Out (FOMO) and pay elevated prices while interest rates remained lower. Automotive brands that have committed to full electric or hybrid models are attractive with consumers, especially given the sudden rise in fuel prices.

Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning

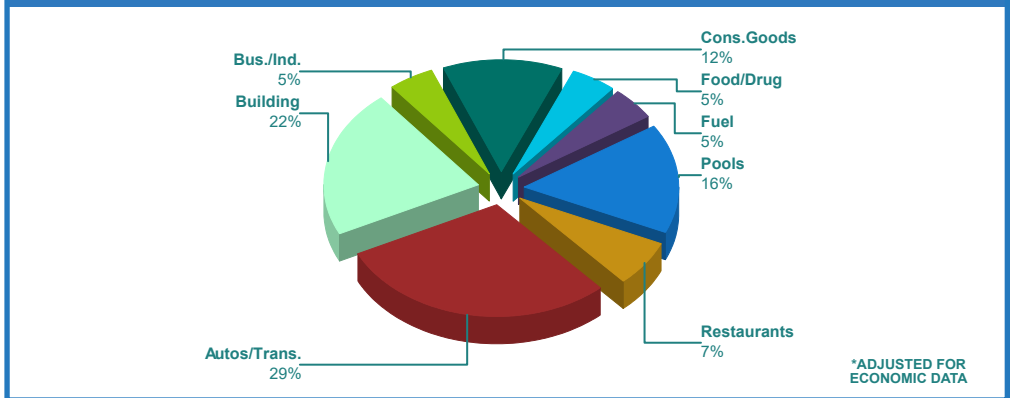
to normal and headwinds from inflation and higher cost goods haven’t yet slowed consumer demand. The stellar returns were largely driven by discount department stores, especially those selling gas.

These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the summer tourism and travel season approaching, the industry is positioned to maintain post-pandemic growth and remain positive through 2022.

Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over the comparison period. Shoppers bought a range of merchandise and spending by businesses on capital equipment remained sensational.

The first quarter sales period contributed to an already strong 2021-22 fiscal year for most municipalities statewide. However, continued inflationary pressure, soaring interest rates and record gas prices may soften growth going into 2022-23.

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



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

San Rafael Business Type	Q1 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,197.3	14.6% ↑	259.7% ↑	18.7% ↑
Building Materials	883.3	12.2% ↑	12.1% ↑	7.8% ↑
Service Stations	269.3	44.6% ↑	54.9% ↑	43.3% ↑
Casual Dining	203.1	41.7% ↑	47.6% ↑	55.7% ↑
Auto Lease	171.1	-10.6% ↓	-8.5% ↓	-7.5% ↓
Plumbing/Electrical Supplies	161.3	28.8% ↑	34.3% ↑	40.2% ↑
Home Furnishings	155.1	18.6% ↑	17.5% ↑	1.0% ↑
Electronics/Appliance Stores	145.2	1.7% ↑	32.4% ↑	12.5% ↑
Contractors	122.9	33.6% ↑	26.6% ↑	20.0% ↑
Grocery Stores	121.7	7.6% ↑	2.4% ↑	3.3% ↑

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