

CITY OF SAN RAFAEL

SALES TAX UPDATE

2Q 2022 (APRIL - JUNE)



SAN RAFAEL

TOTAL: \$ 6,423,629

3.3%
2Q2022



5.8%
COUNTY

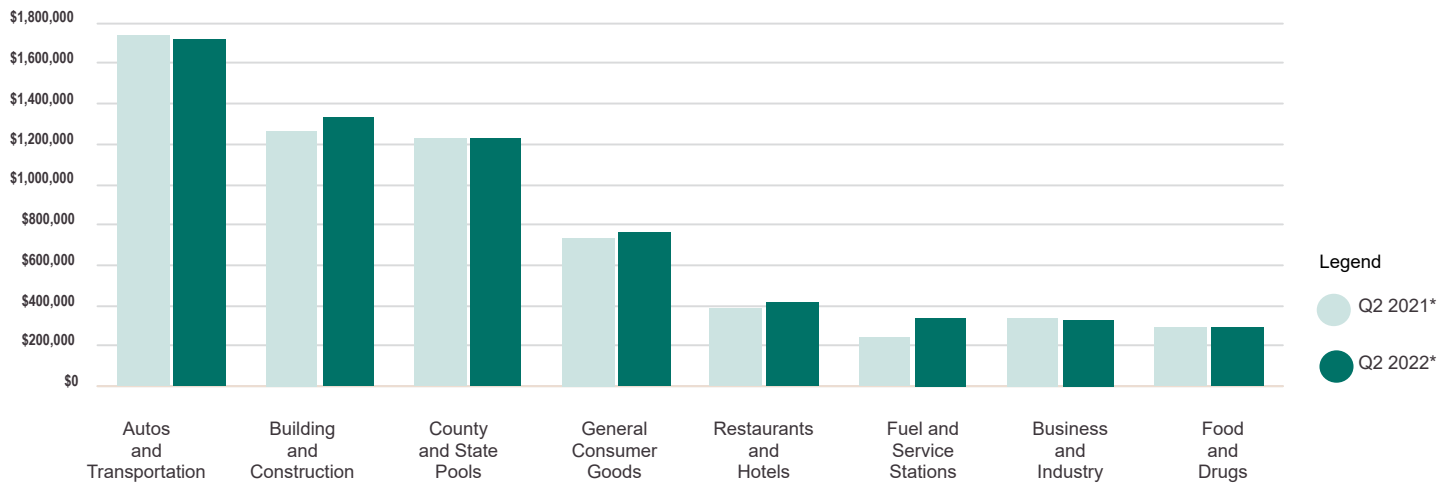


10.1%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure E

TOTAL: \$3,849,543

6.8%

Measure R

TOTAL: \$1,283,230

7.8%



CITY OF SAN RAFAEL HIGHLIGHTS

San Rafael's receipts from April through June were 12.1% below the second sales period in 2021. Excluding reporting aberrations, actual sales were up 3.3%.

High prices at the pumps pushed service stations up 39%, while rising menu prices boosted restaurant receipts; casual dining was up 12%.

Building materials' prices continue to pick up and contractors are busy, pushing building-construction up 5.6%. There are other bright spots, such as improving sales in plumbing-electrical equipment, electronics stores were up and home furnishings remained stable.

The City's biggest business type, new motor vehicle dealerships was a mixed bag, but the declines outpaced the gains resulting in a 1% drop.

The City's portion of the pool significantly decreased due to the drop in revenues; the pool itself increased 5%, but the San Rafael allocation was up only 0.6%.

The district taxes benefitted from locals buying new vehicles and from an increase in building material deliveries into the City. Net of aberrations, taxable sales for all of Marin County grew 5.8% over the comparable time period; the Bay Area was up 11.7%.



TOP 25 PRODUCERS

- | | |
|--------------------------------------|--------------------------------|
| Arco Smog Pros | Macy's |
| Au Energy Shell Station | Marin Honda |
| Audi Leasing / Bentley Leasing | Marin Mazda |
| Audi Marin | Marin Subaru |
| Best Buy | Marin Toyota |
| BMW of San Rafael | Maserati & Alfa Romeo of Marin |
| Bok Modern | Mercedes Benz Of Marin |
| Consolidated Electrical Distributors | Pace Supply |
| Drill Tech Drilling & Shoring | Rafael Lumber |
| Financial Services Vehicle Trust | Safeway |
| Golden State Lumber | Target |
| Home Depot | Volvo Cars Marin |
| Lexus of Marin | |



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring April through June was 10% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark the sixth consecutive quarter of double-digit growth since the pandemic periods in 2020, with the July-June 2022 fiscal year up 15%.

Commuters returning to offices combined with the Russia-Ukraine conflict continuing to put upward pressure on oil prices and left Californians facing the highest average price per gallon on record resulting in fuel and service station receipts 42% higher than last year. While statewide fuel consumption still trails 2019 levels, local gas prices are expected to remain high until after the summer blend period.

Led by consumer’s desire to dine out, a steady rise in tourism and business travel, higher menu prices and great weather, the restaurant sector continues to flourish. Theme parks, entertainment venues and hotels showed the strongest growth with casual dining establishments remaining solid, a trend likely to remain through 2022.

The automobile sector experienced modest gains for new car dealers and rental car vendors, however sales of used autos and leasing activity has begun to cool. Brands prioritizing full electric and hybrid models still appear to be the most attractive with consumers, however increased financing rates may cause even their activity to dampen. Tight inventories that contributed to dramatic price increases over the last 18 months are also showing signs of loosening as newer models are released

in greater numbers.

General consumer goods categories saw steady returns largely propped up by retailers also selling fuel. In comparison with the prior year when consumers were buying merchandise at a record pace, the current returns from apparel and jewelry stores grew moderately with home furnishings showing a slight decrease.

With new housing starts accelerating and residential and commercial property values rising, construction contractors remain busy. Lumber prices have softened from prior year highs leaving material suppliers with modest gains, however electrical, plumbing and energy suppliers

boosted building sector results. Increased investment in capital equipment remains an important area of growth for county pool allocations, especially as online spending for general consumer goods begins to flatten as consumers return to in-store shopping.

Overall, higher priced goods through periods of consistent demand have led to economic inflation. The Federal Reserve Board’s recent actions to curb inflation are anticipated to put downward pressure on sales of autos, building materials and financed general consumer goods, resulting in slower growth by year end and into 2023.

SALES TAX RATE BREAKDOWN		9%
State General Fund		3.9375%
City/County General Fund (Bradley-Burns)		1.0000%
San Rafael Transactions and Use Tax (SREF)		0.7500%
San Rafael Emergency Preparedness & Essential Services TT (SRET)		0.2500%
County Public Safety (Prop 172)		0.5000%
County Realignment (Mental Health/Welfare/Public Safety)		1.5625%
Countywide Transportation Fund		0.2500%
Transportation Authority of Marin (TAM)		0.5000%
Fractional Code - SMRT in Marin County (SMRT)		0.2500%
Tax Rate Effective April 01, 2022		9.0000%

TOP NON-CONFIDENTIAL BUSINESS TYPES					
San Rafael Business Type	Q2 '22*	Change	County Change	HdL State Change	
New Motor Vehicle Dealers	1,265.6	-1.0% ↓	-10.2% ↓	6.6% ↑	↑
Building Materials	952.3	0.6% ↑	0.3% ↑	2.8% ↑	↑
Service Stations	337.1	39.0% ↑	45.3% ↑	36.4% ↑	↑
Casual Dining	233.4	12.0% ↑	16.0% ↑	17.2% ↑	↑
Plumbing/Electrical Supplies	178.7	20.7% ↑	16.6% ↑	17.6% ↑	↑
Electronics/Appliance Stores	167.4	12.8% ↑	10.4% ↑	-1.0% ↓	↓
Contractors	161.8	24.6% ↑	19.3% ↑	13.9% ↑	↑
Auto Lease	160.0	-17.0% ↓	-12.3% ↓	-8.9% ↓	↓
Home Furnishings	145.5	0.7% ↑	3.9% ↑	-4.5% ↓	↓
Grocery Stores	133.8	7.8% ↑	4.1% ↑	5.3% ↑	↑

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