

CITY OF SAN RAFAEL

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



SAN RAFAEL

TOTAL: \$ 7,458,703

19.8%
3Q2022



5.2%
COUNTY

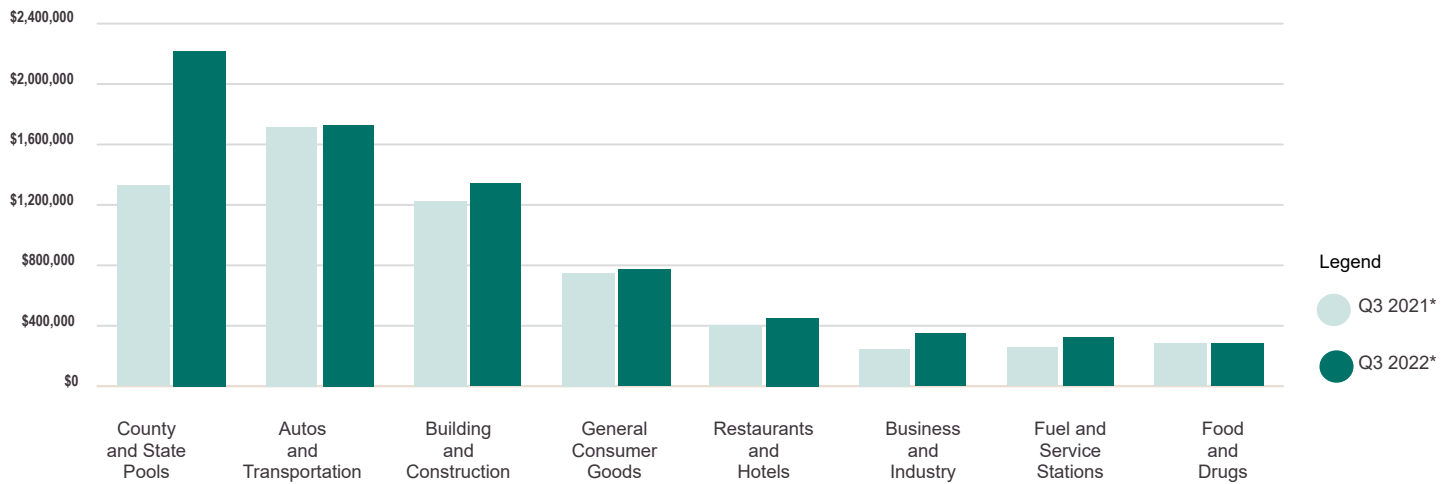


8.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure E

TOTAL: \$3,781,456

↑ 7.0%

Measure R

TOTAL: \$1,260,243

↑ 7.0%



CITY OF SAN RAFAEL HIGHLIGHTS

San Rafael's receipts from July through September were 18.0% above the third sales period in 2021. Excluding reporting aberrations, actual sales were up 19.8%.

Overall point of sales activity rose 7% from year ago comparisons. The cost of construction materials stayed above pre-pandemic levels but did not slow project activity; building-construction grew 9% with gains from all four segments.

An unexpected thrust in testing solution and heavy industrial products sales provoked 41% growth in business-industry. Customers paid the highest ever gas prices at the pumps.

Pool use taxes generated a sizeable

onetime surge caused by a large negative taxpayer correction to another Marin agency which hyperinflated the City's distribution.

Quick service, fast casual and casual dining venues each increased over 8%; the restaurants-hotels group 14% increase was further aided by more activity from food delivery/catering and leisure/entertainment venues.

Car dealerships nudged sales up 1%. Measures E and R gains reflected greater auto, building and restaurants tax filings.

Net of aberrations, taxable sales for all of the Bay Area improved 9.9%.



TOP 25 PRODUCERS

ABC Supply Co	Marin Honda
Airport Appliance	Marin Mazda
Arco Smog Pros	Marin Subaru
Au Energy Shell Station	Marin Toyota
Audi Leasing / Bentley Leasing	Maserati & Alfa Romeo of Marin
Audi Marin	Mercedes Benz Of Marin
Averna Test Systems	Pace Supply
Best Buy	Rafael Lumber
BMW of San Rafael	Safeway
Consolidated Electrical Distributors	Target
Financial Services Vehicle Trust	Volvo Cars Marin
Golden State Lumber	
Home Depot	
Lexus of Marin	



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

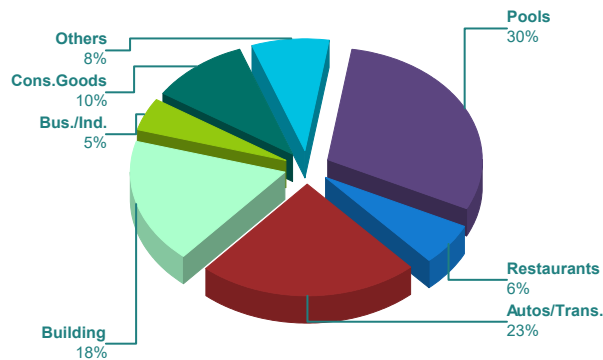
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

REVENUE BY BUSINESS GROUP San Rafael This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

San Rafael Business Type	Q3 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,271.0	1.6% ↑	-1.2% ↓	9.9% ↑
Building Materials	989.6	9.3% ↑	8.1% ↑	2.8% ↑
Service Stations	325.6	22.5% ↑	18.2% ↑	18.6% ↑
Casual Dining	232.6	9.1% ↑	11.0% ↑	10.2% ↑
Electronics/Appliance Stores	179.1	11.7% ↑	18.7% ↑	3.6% ↑
Plumbing/Electrical Supplies	168.9	9.4% ↑	7.9% ↑	12.9% ↑
Auto Lease	153.1	-17.3% ↓	-12.6% ↓	-13.6% ↓
Home Furnishings	140.8	-1.7% ↓	-8.7% ↓	-6.2% ↓
Contractors	135.1	3.4% ↑	11.9% ↑	15.5% ↑
Grocery Stores	132.8	3.2% ↑	0.7% ↑	3.1% ↑

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*In thousands of dollars