

CITY OF SAN RAFAEL

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



SAN RAFAEL

TOTAL: \$ 6,540,611

4.2%
4Q2022



1.4%
COUNTY

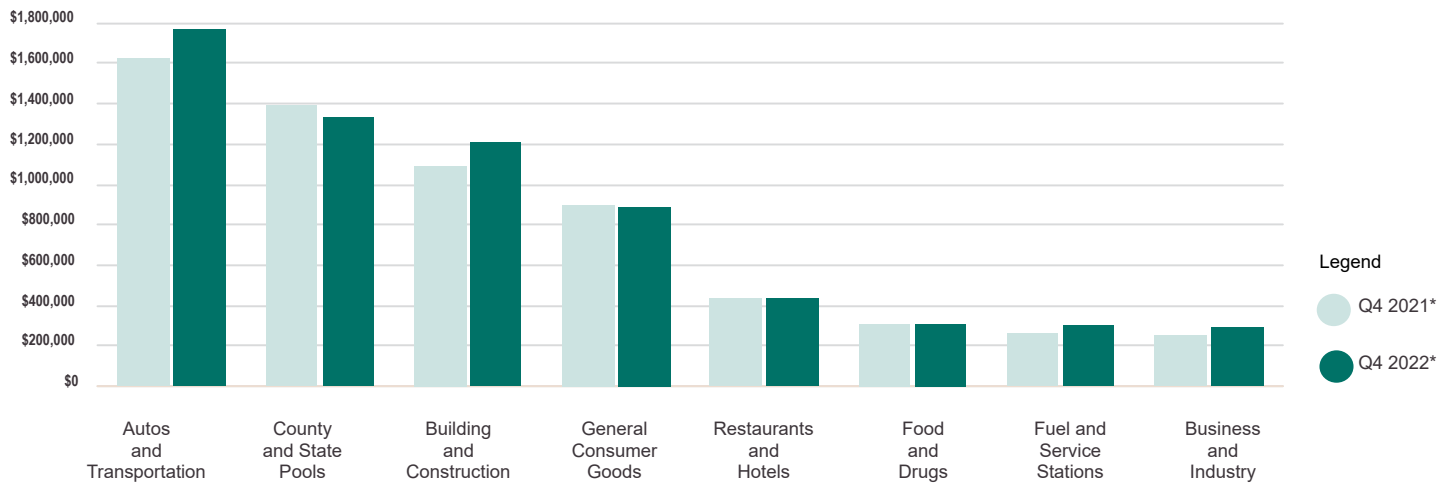


4.7%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure E

TOTAL: \$3,891,849

3.2%

Measure R

TOTAL: \$1,295,452

3.5%



CITY OF SAN RAFAEL HIGHLIGHTS

San Rafael's receipts from October through December were 2.3% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 4.2%.

The autos-transportation group saw strong returns as new vehicle dealers and auto repair shops performed well. As people slowly return back to their workplace and travel, service stations continue to see robust revenues while gas prices remain moderately high.

Building-construction sector saw outstanding gross receipts as building materials and plumbing-electrical supplies saw increased demand. In addition, the business-industry group

saw excellent growth from business services.

The state-county pools, the City's second largest revenue category, saw bleak collections posting -4.2% returns, which were impacted by pool corrections and general consumer goods.

Measures E & R, the City's voter-approved transaction taxes, experienced similar positive collections as the City's Bradley-Burns sales and use tax revenues.

Net of aberrations, taxable sales for all of Marin County grew 1.4% over the comparable time period; the Bay Area was up 5.6%.



TOP 25 PRODUCERS

- | | |
|--------------------------------------|--------------------------------|
| ABC Supply Co | Marin Mazda |
| Airport Appliance | Marin Subaru |
| Au Energy Shell Station | Marin Toyota |
| Audi Leasing / Bentley Leasing | Maserati & Alfa Romeo of Marin |
| Audi Marin | Mercedes Benz Of Marin |
| Best Buy | Pace Supply |
| BMW of San Rafael | Rafael Lumber |
| Consolidated Electrical Distributors | Safeway |
| Financial Services Vehicle Trust | Target |
| Golden State Lumber | Tesla Motors |
| Home Depot | Volvo Cars Marin |
| Lexus of Marin | |
| Macy's | |
| Marin Honda | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 4.7% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing it’s greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-

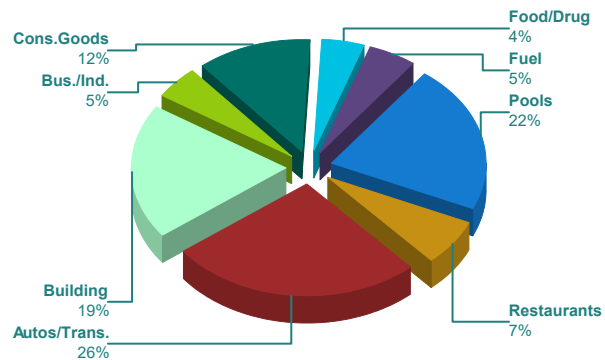
construction sector. With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency’s coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller’s payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California’s taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP San Rafael This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

| San Rafael Business Type | Q4 '22* | Change | County Change | HdL State Change |
|------------------------------|---------|----------|---------------|------------------|
| New Motor Vehicle Dealers | 1,317.5 | 12.8% ↑ | 4.0% ↑ | 12.4% ↑ |
| Building Materials | 893.0 | 9.5% ↑ | 7.3% ↑ | 2.1% ↑ |
| Service Stations | 304.4 | 16.8% ↑ | 10.1% ↑ | 7.6% ↑ |
| Casual Dining | 243.3 | 8.8% ↑ | 8.5% ↑ | 8.1% ↑ |
| Electronics/Appliance Stores | 180.4 | -0.5% ↓ | 18.8% ↑ | 10.8% ↑ |
| Plumbing/Electrical Supplies | 171.7 | 10.7% ↑ | 9.0% ↑ | 7.2% ↑ |
| Home Furnishings | 164.7 | 3.4% ↑ | -17.8% ↓ | -7.0% ↓ |
| Grocery Stores | 154.6 | 9.4% ↑ | 5.2% ↑ | 6.2% ↑ |
| Auto Lease | 149.3 | -16.3% ↓ | -9.5% ↓ | -11.0% ↓ |
| Auto Repair Shops | 137.8 | 24.8% ↑ | 11.9% ↑ | 6.4% ↑ |

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*In thousands of dollars