

# CITY OF SAN RAFAEL

## SALES TAX UPDATE

### 3Q 2023 (JULY - SEPTEMBER)



#### SAN RAFAEL

TOTAL: \$ 6,385,147

-7.3%

3Q2023



-1.9%

COUNTY



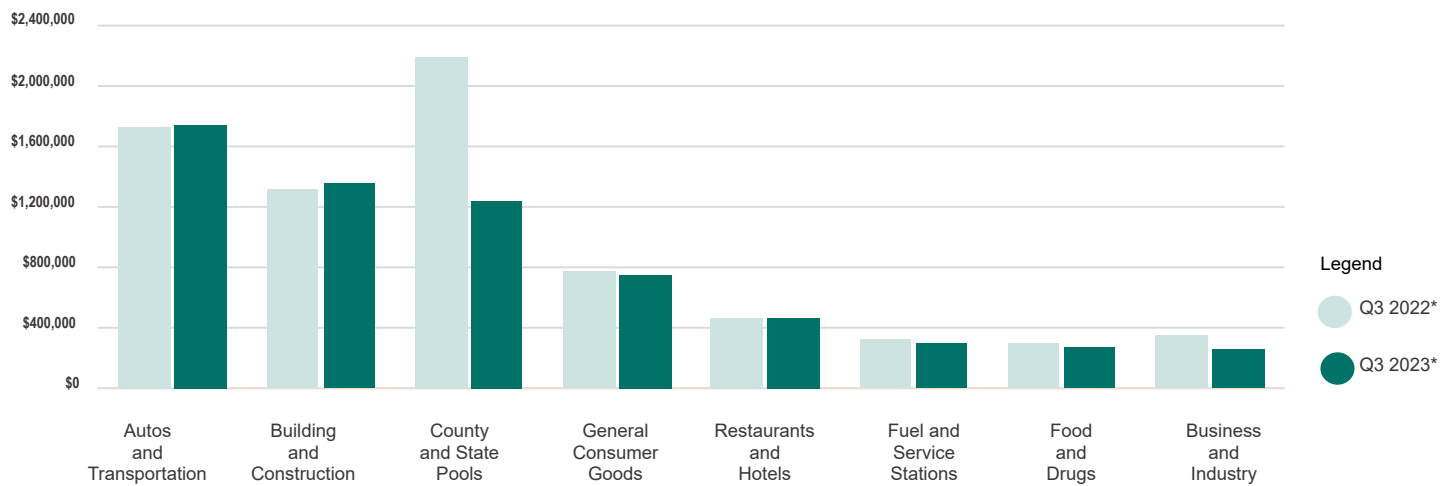
-1.7%

STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure E

TOTAL: \$3,689,780

↓ -2.5%

#### Measure R

TOTAL: \$1,229,413

↓ -2.4%



#### CITY OF SAN RAFAEL HIGHLIGHTS

San Rafael's receipts from July through September were 14.2% below the third sales period in 2022. Excluding reporting aberrations, actual sales were down 7.3%.

New and used motor vehicle dealerships sales were up outpacing the statewide averages. Building materials were a mixed bag, as lumber prices drop demand for other building materials helped pushed the category up.

A new outlet in the restaurant-hotel group lessened the decline, but the group was still negative. Service stations were down as prices of fuel fell back to a more normal level. A closure

in the electronics/appliance category and slowing in the home furnishings and specialty stores led to the decline for the general consumer goods group.

Anomalies in the pool reporting are skewing pool results for the quarter.

The voter approved transaction taxes Measures E and R benefited from locals purchasing vehicles, but most of the building materials mentioned above were shipped out of the City.

Net of aberrations, taxable sales for all of Marin County declined 1.9% over the comparable time period; the Bay Area was down 3.1%.



#### TOP 25 PRODUCERS

ABC Supply Co  
 Airport Appliance  
 Audi Leasing / Bentley Leasing  
 Audi Marin  
 Best Buy  
 BMW of San Rafael  
 Consolidated Electrical Distributors  
 Ferguson Enterprises  
 Financial Services Vehicle Trust  
 Golden State Lumber  
 Home Depot  
 Honda Marin  
 Lexus of Marin  
 Marin Mazda

Marin Subaru  
 Marin Toyota  
 Maserati & Alfa Romeo of Marin  
 Mercedes Benz Of Marin  
 Pace Supply  
 Rafael Lumber  
 Safeway  
 Shell  
 Target  
 Volvo Cars Marin  
 Water Components & Building Supply



## STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

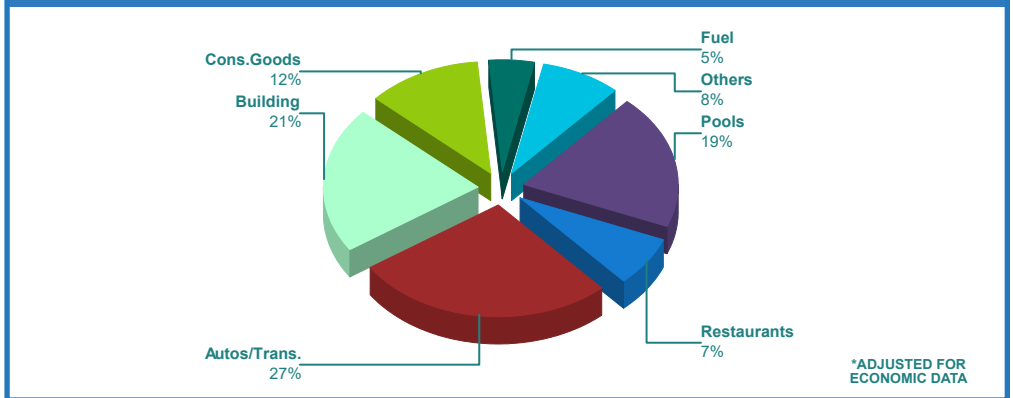
Despite continued increases of new car registrations, revenue from the autos-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

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



### TOP NON-CONFIDENTIAL BUSINESS TYPES

San Rafael Business Type	Q3 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,295.5	1.9% ↑	3.3% ↑	-2.5% ↓
Building Materials	993.8	1.2% ↑	0.1% ↑	-2.6% ↓
Service Stations	299.5	-7.9% ↓	-5.6% ↓	-7.3% ↓
Casual Dining	231.0	-1.4% ↓	0.2% ↑	2.8% ↑
Plumbing/Electrical Supplies	194.0	5.8% ↑	2.1% ↑	-3.8% ↓
Electronics/Appliance Stores	155.9	-13.0% ↓	-16.3% ↓	-14.2% ↓
Auto Lease	151.0	-0.8% ↓	0.5% ↑	-0.4% ↓
Grocery Stores	138.7	5.8% ↑	5.1% ↑	2.3% ↑
Home Furnishings	132.7	-8.2% ↓	-27.7% ↓	-12.1% ↓
Contractors	126.6	11.8% ↑	-0.8% ↓	-1.1% ↓

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