

CITY OF BURLINGAME

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



BURLINGAME

TOTAL: \$ 3,825,254

-1.7%

4Q2022



5.6%

COUNTY



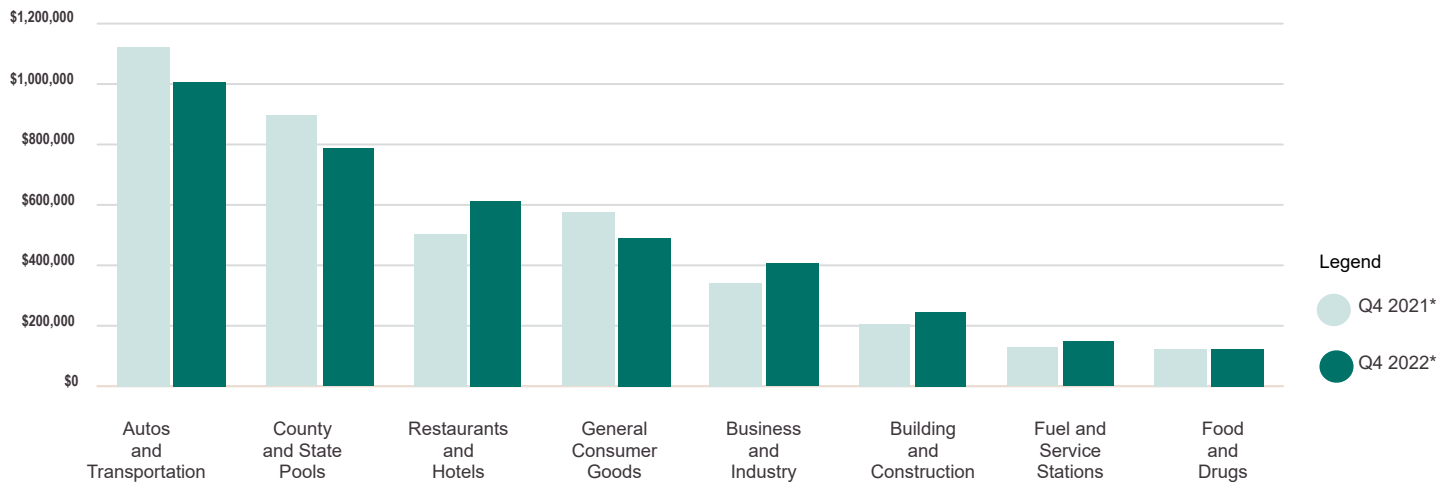
4.7%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure I

TOTAL: \$823,492

↑ 3.8%



CITY OF BURLINGAME HIGHLIGHTS

Burlingame's receipts from October through December were 6.7% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were down 1.7%.

Rising financing costs caused buyers to pump the brakes on new vehicle acquisitions, returns declined 10%. Economic uncertainty was evident as shoppers spent 14% less on general consumer goods; jewelry and specialty stores remitted smaller returns.

Slower online sales coupled with a few negative audit corrections for taxpayers who reported to the San Mateo pool provoked a 12% reduction in use tax allocations.

On the bright side, elevated fuel prices generated a 17% increase from service stations. Strong patronage pushed casual dining up 9% while a onetime payment from a lumber supplier boosted the building-construction group.

The Measure I tally noted above revealed much better autos and eatery numbers which overcame softer spending on business to business products and general retail merchandise.

Net of aberrations, taxable sales for all of San Mateo County grew 5.6% over the comparable time period; the Bay Area was up 5.5%.



TOP 25 PRODUCERS

ABC Supply Co
All Industrial Supply
All Natural Stone
Apple
Benihana
Cal Signal
Floor & Decor
Garratt-Callahan
HL Peninsula Pearl
Hyatt Regency
Kern Jewelers
Lahlouh Printing
Marin Gas & Auto Services
Marriott Hotel

Mills Peninsula Medical Center
Ocean Honda
Putnam Chevrolet Cadillac
Putnam Chrysler Jeep Dodge
Putnam Kia
Putnam Toyota
Rector Porsche Audi
Safeway
Taste Catering
Tesla Motors
Topper Jewelers



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-

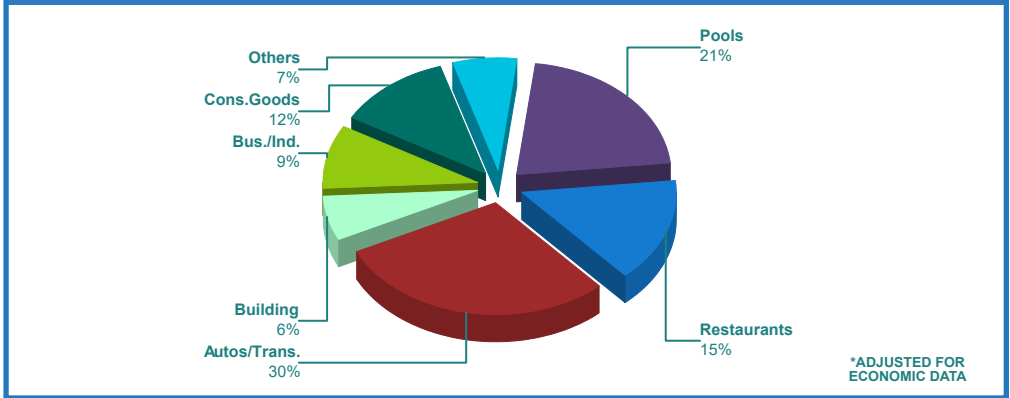
construction sector. With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

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
Burlingame This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Burlingame Business Type	Q4 '22*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	828.9	-10.1% ↓	20.4% ↑	12.5% ↑
Casual Dining	345.6	9.0% ↑	11.6% ↑	8.2% ↑
Service Stations	148.8	17.4% ↑	9.5% ↑	7.5% ↑
Building Materials	130.4	20.8% ↑	2.7% ↑	2.1% ↑
Jewelry Stores	127.4	-11.3% ↓	42.9% ↑	-7.5% ↓
Medical/Biotech	94.9	54.3% ↑	19.9% ↑	1.4% ↑
Electrical Equipment	94.3	8.8% ↑	9.1% ↑	22.0% ↑
Hotels/Motels	91.4	61.1% ↑	39.9% ↑	30.2% ↑
Auto Lease	89.6	-13.9% ↓	-13.5% ↓	-11.1% ↓
Light Industrial/Printers	82.7	69.7% ↑	14.9% ↑	4.2% ↑

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