

# CITY OF BURLINGAME

## SALES TAX UPDATE

### 2Q 2023 (APRIL - JUNE)



#### BURLINGAME

TOTAL: \$ 3,762,025

-1.4%

2Q2023



0.5%

COUNTY



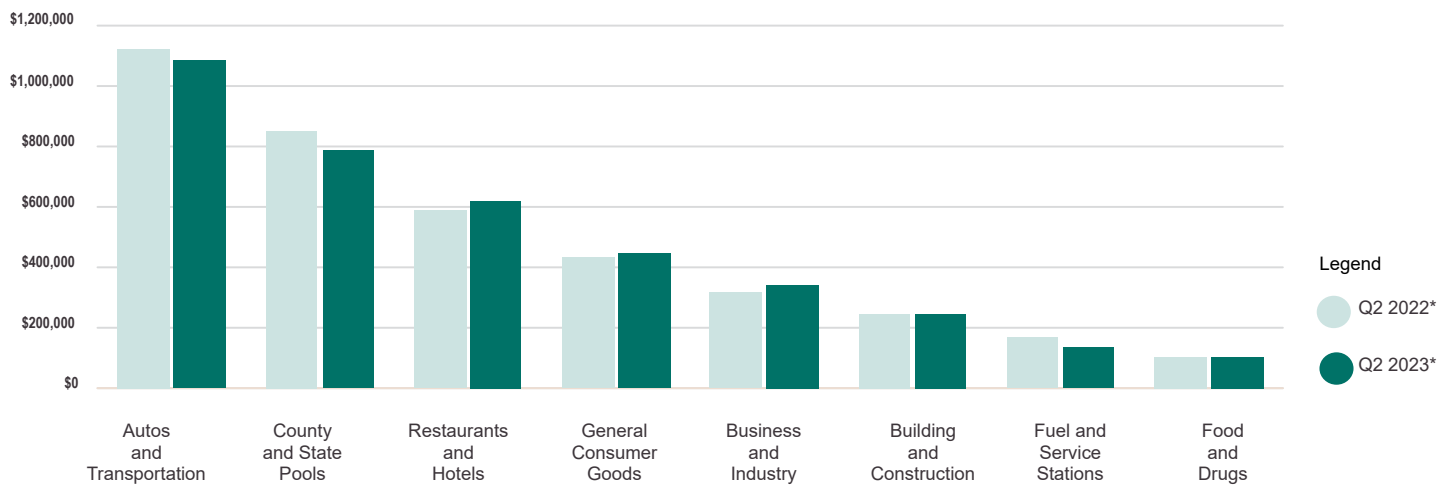
-3.0%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure I

TOTAL: \$816,775

↑ 7.7%



#### CITY OF BURLINGAME HIGHLIGHTS

Burlingame's receipts from April through June were 6.7% below the second sales period in 2022. Excluding reporting aberrations, actual sales were down 1.4%.

New car sales fell 10%, outpacing the statewide trend, which slowed due to rising financing rates. A portion of Burlingame's decrease was due to a single taxpayer that submitted an abnormally smaller return in comparison to historical results. The State indicated it is working with this taxpayer to evaluate its prior tax filings.

Unsurprisingly, prices at the pump fell; 17% lower taxes occurred at service stations. The drop in cash collections

adversely affected the pool sharing formula; distributions lessened 8%.

Bigger returns from casual and fine dining venues plus hotels explain the bulk of restaurants-hotel's 6% growth. More sales of food service equipment and drug/chemical products contributed to business-industry's favorable results.

A onetime non-auto transportation remittance and first-time rental car company payment added to Measure I tallies which also generated better totals from eating establishments.

Net of aberrations, taxable sales for all of the Bay Area dropped 2.7%.



#### TOP 25 PRODUCERS

ABC Supply Co  
All Industrial Supply  
All Natural Stone  
Apple  
Audi Leasing Bentley Leasing  
Benihana  
Floor & Decor  
Garratt-Callahan  
Hyatt Regency  
Kern Jewelers  
Lahlouh Printing  
Marin Gas & Auto Services  
Marriott Hotel  
New England Lobster Market & Eatery

Nu Car Rentals Sfo  
Ocean Honda  
Putnam Chevrolet Cadillac  
Putnam Chrysler Jeep Dodge  
Putnam Kia  
Putnam Toyota  
Rector Porsche Audi  
Safeway  
Shell  
Tesla Motors  
Topper Jewelers



**STATEWIDE RESULTS**

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

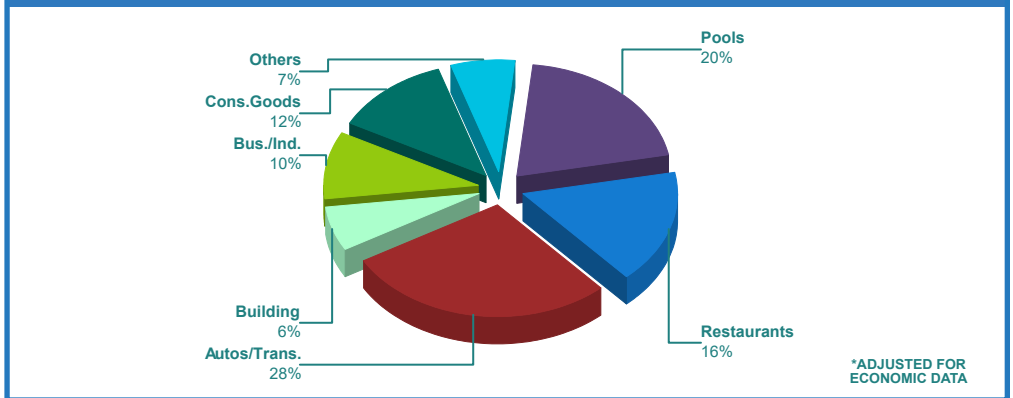
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

**REVENUE BY BUSINESS GROUP**  
Burlingame This Fiscal Year\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Burlingame Business Type	Q2 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	835.7	-9.7% ↓	22.3% ↑	-0.3% ↓
Casual Dining	366.8	8.9% ↑	8.9% ↑	4.5% ↑
Service Stations	137.8	-16.8% ↓	-18.9% ↓	-19.9% ↓
Building Materials	132.1	1.5% ↑	-2.5% ↓	-7.8% ↓
Jewelry Stores	129.1	3.7% ↑	42.5% ↑	-1.0% ↓
Electronics/Appliance Stores	88.1	13.4% ↑	-2.8% ↓	-6.3% ↓
Auto Lease	87.9	-6.6% ↓	8.5% ↑	2.7% ↑
Fine Dining	82.6	13.2% ↑	3.7% ↑	-5.2% ↓
Hotels/Motels	82.5	7.6% ↑	-0.9% ↓	1.3% ↑
Transportation/Rentals	74.5	204.0% ↑	-2.4% ↓	-6.6% ↓

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