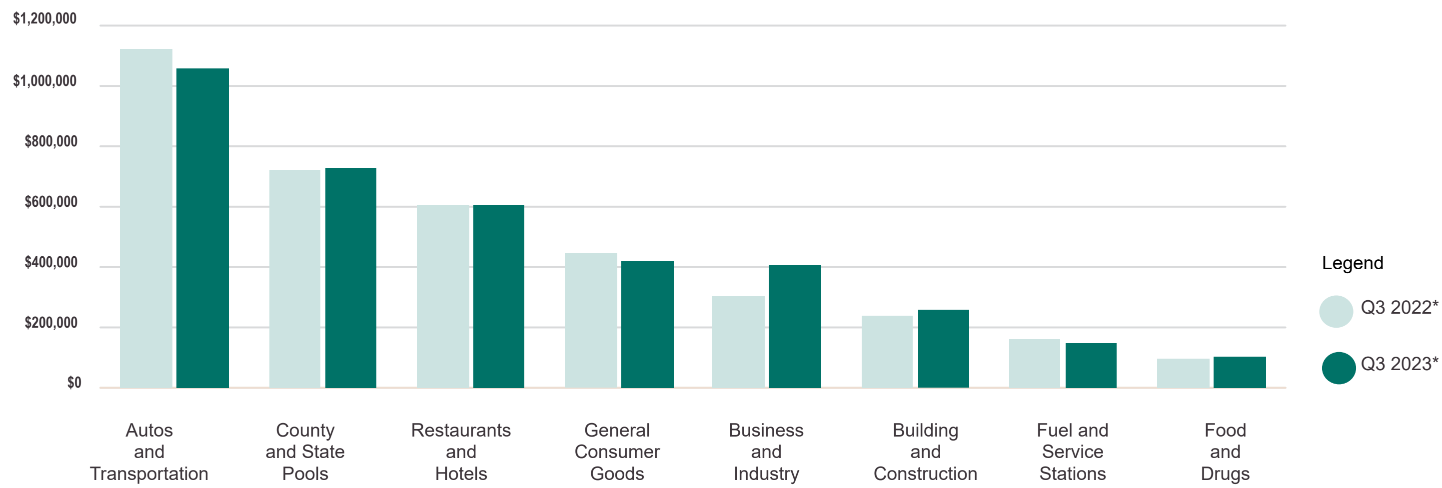
# CITY OF BURLINGAME
## SALES TAX UPDATE
### 3Q 2023 (JULY - SEPTEMBER)

| BURLINGAME | 1.1% | 2.4% | -1.7% |
|---|---|---|---|
| TOTAL: $ 3,736,022 | 3Q2023 | COUNTY | STATE |

*Allocation aberrations have been adjusted to reflect sales activity*

**SALES TAX BY MAJOR BUSINESS GROUP**




**Measure I**
TOTAL: $801,166
2.9%

## CITY OF BURLINGAME HIGHLIGHTS

Burlingame's receipts from July through September were 1.5% above the third sales period in 2022. Excluding reporting aberrations, actual sales were up 1.1%.

The business-industry and building-construction group were both boosted by onetime use tax allocations.

New motor vehicle dealerships fell 8%; notably, some dealer's results varied with some up and others down. Moreover, one taxpayer's changes in tax filings, deemed proper by the State, was a large contributor to this loss.

Fuel-service stations were down as prices of fuel fell back to a more normal level. In addition, General consumer goods contracted as shoppers opted toward necessary purchases.

While receipts for the countywide pool were down, the growth in the City's portion of the pool led to positive results.

Measure I, the City's Transaction and Use tax, was up due to an increase in new motor vehicles purchased by locals as well as an increase in locals shopping online. The onetime spikes mentioned above also boosted the results for the measures.

Net of aberrations, taxable sales for all of San Mateo County grew 2.4% over the comparable period; the Bay Area was down 3.1%.

## TOP 25 PRODUCERS

ABC Supply Co
Aifi
All Natural Stone
Apple
Audi Leasing Bentley Leasing
Benihana
Cal Signal
Floor & Decor
Garratt-Callahan
HL Peninsula Pearl
Hyatt Regency
Kern Jewelers
Lahlouh Printing
Marin Gas & Auto Services
Marriott Hotel
New England Lobster Market & Eatery
Ocean Honda
Putnam Chevrolet Cadillac
Putnam Chrysler Jeep Dodge
Putnam Kia
Putnam Toyota
Rector Porsche Audi
Shell
Tesla Motors
Topper Jewelers

## 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.

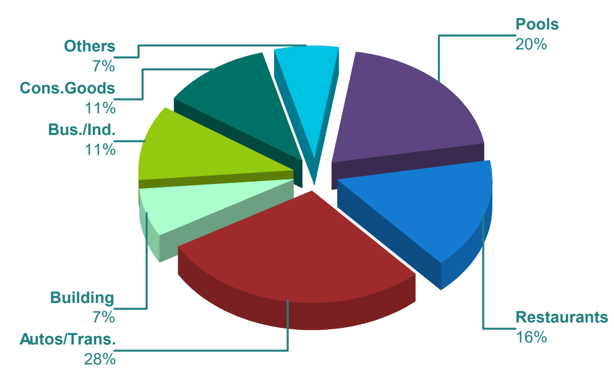
Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses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

**Burlingame This Quarter***




## TOP NON-CONFIDENTIAL BUSINESS TYPES

| Burlingame Business Type | Q3 '23* | Change | County Change | HdL State Change |
|---|---|---|---|---|
| New Motor Vehicle Dealers | 848.6 | -8.2% | 27.7% | -2.5% |
| Casual Dining | 370.7 | 1.8% | 6.4% | 2.8% |
| Service Stations | 148.4 | -7.3% | -9.6% | -7.3% |
| Building Materials | 144.4 | 11.1% | -3.1% | -2.7% |
| Jewelry Stores | 127.7 | 10.7% | 143.8% | 1.2% |
| Electrical Equipment | 102.2 | 48.0% | 45.5% | 1.6% |
| Auto Lease | 95.9 | 4.8% | 3.9% | -0.4% |
| Hotels/Motels | 88.7 | -0.7% | -1.0% | 0.8% |
| Fine Dining | 74.6 | 5.5% | 0.8% | -5.9% |
| Medical/Biotech | 67.8 | 41.0% | -26.8% | -1.5% |

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