

# City of Petaluma Q4 2023 Sales Tax Update



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April 16, 2024

# Sales Tax in Petaluma





# Sales Tax is One of Multiple Types of Revenues that Help Fund Services in Petaluma

- Sales Tax
- Property Tax
- Business License Tax
- Transient Occupancy Tax
- Fees for Services



# What's the Deal with Sales Tax in Petaluma?



- **City staff track sales tax to project budget revenues for upcoming years**
- **We track sales tax to better understand recent economic trends and predict potential future changes etc.**
- **Understanding trends can help city make better informed policy changes**

# Sales Tax Performance & Comparisons

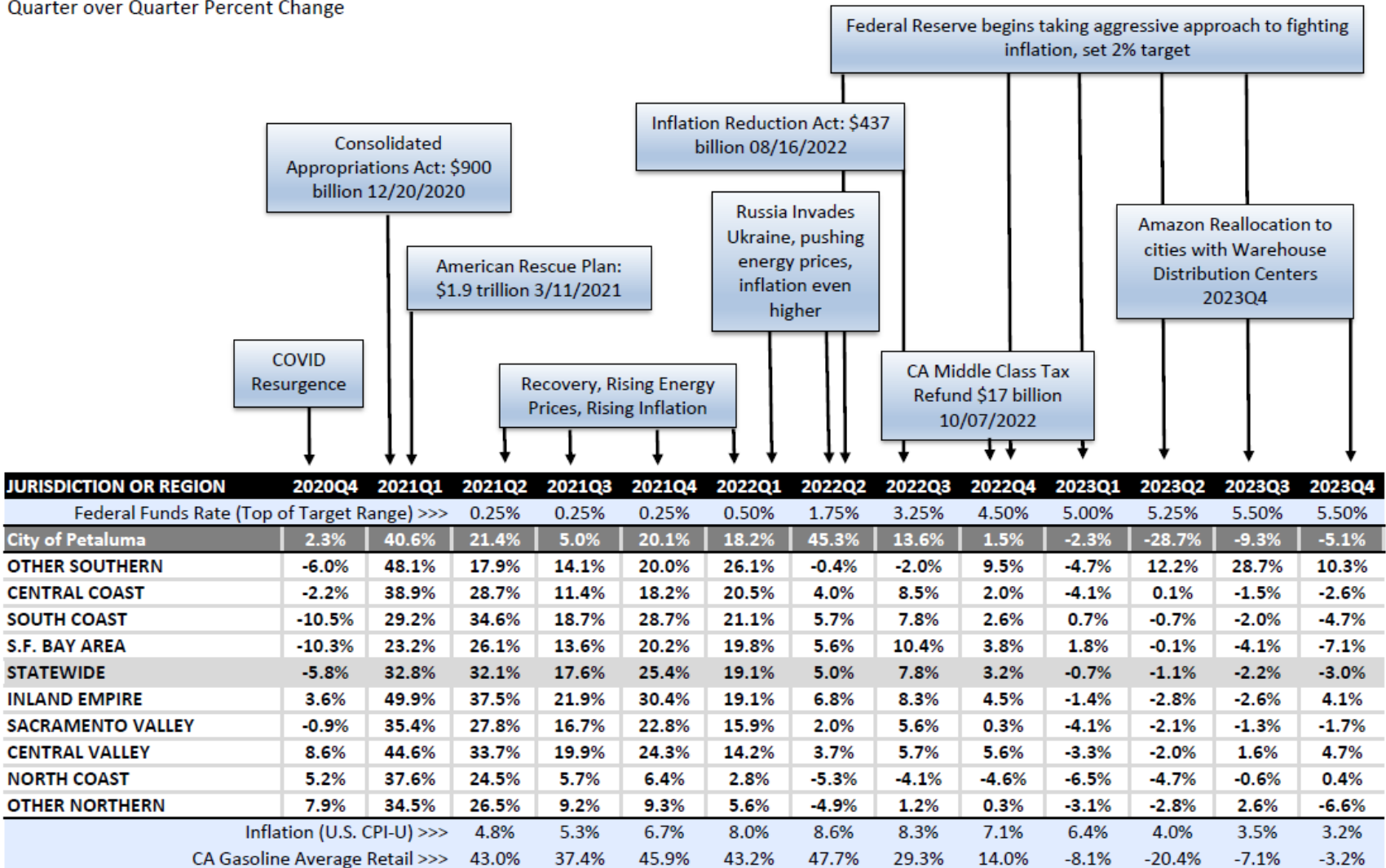




# Recent Sales Tax History in Petaluma and Statewide

## California Taxable Sales

Quarter over Quarter Percent Change



# City of Petaluma

## Local Business Sales Tax Drivers (Annual Basis)

### Primary Drivers

- **Transportation (Auto Sales & Gas Stations): 31%**
- **Food (Markets & Restaurants): 25%**
- **Retail: 21%**
- **Construction: 12%**
- **Business to Business: 10%**

### Others

- **Miscellaneous: 1%**

# Petaluma 1% Sales Tax Performance

	YE 2019Q4	YE 2020Q4	YE 2021Q4	YE 2022Q4	YE 2023Q4
<b>Total Receipts</b>	<b>\$13,575,444</b>	<b>\$12,439,373</b>	<b>\$14,928,079</b>	<b>\$17,813,488</b>	<b>\$15,528,577</b>
<b>Net Pools/Admin/Adj</b>	<b>\$762,593</b>	<b>\$1,497,537</b>	<b>\$2,262,414</b>	<b>\$3,886,306</b>	<b>\$2,283,880</b>
<b>Local Businesses</b>	<b>\$12,812,851</b>	<b>\$10,941,837</b>	<b>\$12,665,665</b>	<b>\$13,927,182</b>	<b>\$13,244,697</b>
<b>General Retail</b>	<b>\$2,666,745</b>	<b>\$2,156,578</b>	<b>\$2,652,745</b>	<b>\$2,735,400</b>	<b>\$2,762,393</b>
<b>Food Products</b>	<b>\$2,838,828</b>	<b>\$2,286,649</b>	<b>\$2,780,924</b>	<b>\$3,157,815</b>	<b>\$3,258,282</b>
<b>Restaurants</b>	<b>1,616,127</b>	<b>1,145,292</b>	<b>1,587,415</b>	<b>1,868,796</b>	<b>1,947,417</b>
<b>Transportation</b>	<b>\$4,127,849</b>	<b>\$3,500,889</b>	<b>\$4,101,999</b>	<b>\$4,438,548</b>	<b>\$4,108,461</b>
<b>Construction</b>	<b>\$1,631,510</b>	<b>\$1,557,537</b>	<b>\$1,637,789</b>	<b>\$1,935,631</b>	<b>\$1,644,293</b>
<b>Business To Business</b>	<b>\$1,417,298</b>	<b>\$1,333,462</b>	<b>\$1,357,923</b>	<b>\$1,504,596</b>	<b>\$1,317,888</b>
<b>Miscellaneous</b>	<b>\$130,621</b>	<b>\$106,722</b>	<b>\$134,284</b>	<b>\$155,193</b>	<b>\$153,379</b>



# Downtown Sales Tax



# Petaluma 1% Downtown Sales Tax Performance

## Downtown

	2023		2022		2021		2020		2019		2018
<b>Food</b>	571,391	6.2%	538,195	26.0%	427,269	36.2%	313,784	-30.8%	453,223	7.4%	422,018
<b>Retail</b>	207,263	0.3%	206,603	-0.2%	206,938	-1.6%	210,249	-1.6%	213,768	-0.9%	215,734
<b>Totals</b>	<b>778,653</b>		<b>744,798</b>		<b>634,207</b>		<b>524,033</b>		<b>666,991</b>		<b>637,752</b>
<b>Restaurants</b>	<b>431,650</b>	<b>7.0%</b>	<b>403,546</b>	<b>29.1%</b>	<b>312,686</b>	<b>52.8%</b>	<b>204,602</b>	<b>-38.8%</b>	<b>334,556</b>	<b>7.8%</b>	<b>310,469</b>

## Citywide

	2023		2022		2021		2020		2019		2018
<b>Food</b>	3,258,282	3.2%	3,157,815	13.6%	2,780,924	21.6%	2,286,649	-19.5%	2,838,828	5.6%	2,688,351
<b>Retail</b>	2,762,393	1.0%	2,735,400	3.1%	2,652,745	23.0%	2,156,578	-19.1%	2,666,745	-2.1%	2,724,923
<b>Totals</b>	<b>8,785,092</b>		<b>8,630,637</b>		<b>8,088,436</b>		<b>6,601,824</b>		<b>8,174,337</b>		<b>8,140,216</b>
<b>Restaurants</b>	<b>1,947,417</b>	<b>4.2%</b>	<b>1,868,796</b>	<b>17.7%</b>	<b>1,587,415</b>	<b>38.6%</b>	<b>1,145,292</b>	<b>-29.1%</b>	<b>1,616,127</b>	<b>4.5%</b>	<b>1,547,217</b>

# Petaluma 1% Downtown Sales Tax Performance (Recent Quarters)

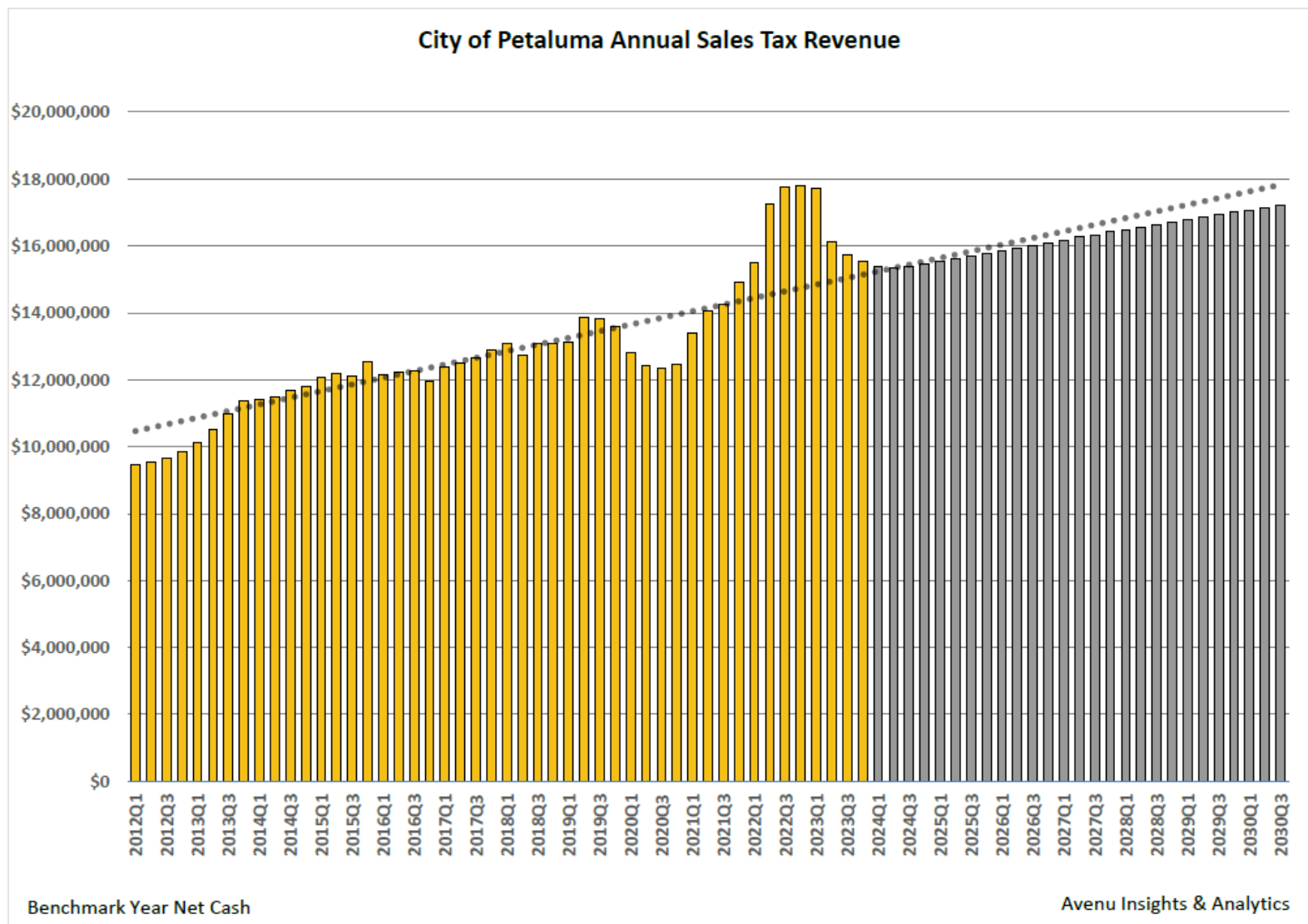
	2023Q4		2023Q3		2023Q2		2023Q1	
FOOD	142,324	3.9%	144,855	4.3%	149,123	4.1%	135,089	13.5%
RETAIL	66,494	1.0%	48,863	-0.7%	49,621	-6.3%	42,285	-7.7%
RESTAURANTS	105,179	3.4%	109,330	4.0%	113,448	5.8%	103,693	16.0%



# Sales Tax Future?



# Petaluma 1% Sales Tax Past & Future



# Sales Tax Future – Trends...

- **Pandemic Disruption** – Most effects of pandemic are finally in the rear-view mirror.
- **Economic Variables** – Inflation, Interest Rates, Consumer Behavior, Unemployment etc.
- **Other Variables** - Global Geopolitics, Federal Election, Energy Markets, Commercial Real Estate,
- **California Budget Deficit** – Next few years will be ‘lean’ years for state budget. Overall, state is in good position.
- **When will we Reach the ‘New Normal’?**



**Thank you...Questions?**

# Top 25 Sales Tax Producers

## (~ 47% of total local business sales tax revenue)

BREWSTERS BEER GARDEN

CALIX NETWORKS

CHEVRON SERVICE STATIONS

DE BEL ROOFING SUPPLY

FISHMAN SUPPLY COMPANY

FRIEDMAN'S HOME IMPROVEMENT

HANSEL HONDA

HANSEL TOYOTA SCION

HENRY CURTIS FORD

MBF NORTH AMERICA

NIKE FACTORY STORE

NORTH BAY NISSAN

RIVERTOWN FEED & PET COUNTRY STORE

SAFEWAY STORES

SAVE MART SUPERMARKETS

SCOTT LABORATORIES

SHAMROCK MATERIALS

SHELL SERVICE STATIONS

SPEEDWAY SERVICE STATIONS

TARGET STORES

TJ MAXX

UNION 76 SERVICE STATIONS

VALERO SERVICE STATIONS

VICTORY CHEVROLET CADILLAC

VICTORY YAMAHA POWER PRODUCTS

- General Store (1850)
- Sears Roebuck Catalog (1900)
- **Rise of Suburban Mall (1950)**
- Discount Store – ‘Big Box’ (1980)
- **‘E-tailing’ Amazon etc. (2000)**
- **Smartphone introduced (2007)**
- OmniChannel & Shared Economy (2010)
- **Global Pandemic (2020)**
- The ‘New Normal’ (2024) (?)
- The Future – Virtual markets (?), Experiential

