

City of Palo Alto

Sales Tax Digest Summary

Collections through December 2022

Sales July through September 2022 (2022Q3)

California Overview

For the year ending in third quarter of 2022, cash receipts increased 13.6% statewide, 11.9% in Northern California. However, when adjusted for non-period related payments, the overall economic sales tax activity for the year ending in third quarter of 2022 increased by 9.9% statewide, and down 1.4% in Northern California.

City of Palo Alto

For the year ending in the third quarter of 2022, sales tax cash receipts for the city increased by 17.9% from the prior year. However, when adjusted for non-period related payments, the overall economic sales tax activity in Palo Alto for the year ending in third quarter of 2022 increased by 18.0%.

On a quarterly basis, sales tax cash receipts increased by 28.3% from Quarter 3 of 2021 to Quarter 3 of 2022. However, this increase includes late payment anomalies related to a state sales tax extension program. The period's cash receipts include tax from business activity during the period, payments for prior periods and other cash adjustments. When adjusted for non-period related payments, the overall economic quarter over quarter sales tax activity (Q3 2021 to Q3 2022) in Palo Alto increased by 10.3%.

A large, one-time audit decision of -\$612,000 negatively impacted the city's cash receipts this quarter. Without the correction, sales tax cash receipts would have increased by approximately 12.4% from Quarter 2 of 2021 to Quarter 2 of 2022. Approximately 3.8% of that adjusted 12.4% Q2 of 2022 over Q2 of 2021 increase might be attributed to inflation, based on increases in the Consumer Price Index, (CPI-U). Very little of Palo Alto's adjusted 12.4% increase might be attributed to increased economic activity, based on changes in US Real GDP. Roughly 1.7% is attributable to a decrease in payments from prior periods, due to Palo Alto taxpayers getting caught up with payments. The remaining roughly 6.9% is a combination of recovery and other factors (consumers, businesses and organizations getting back to Pre-Pandemic trends along with non-pandemic related business performance changes). Note that some of these factors are based on broad based data and thus, these growth factors should be treated as rough guidelines for economic activity changes this quarter.

Regional Overview

The first chart on page two shows adjusted economic benchmark year amounts, which means that it shows a full calendar year from the third quarter of 2021 through third quarter of 2022 compared to third quarter of 2020 through third quarter of 2021 (benchmark years are rolling annual comparisons through the current quarter). The decrease is different between the state and Palo Alto because the sales tax from businesses in Palo Alto were more impacted than those statewide.

City of Palo Alto

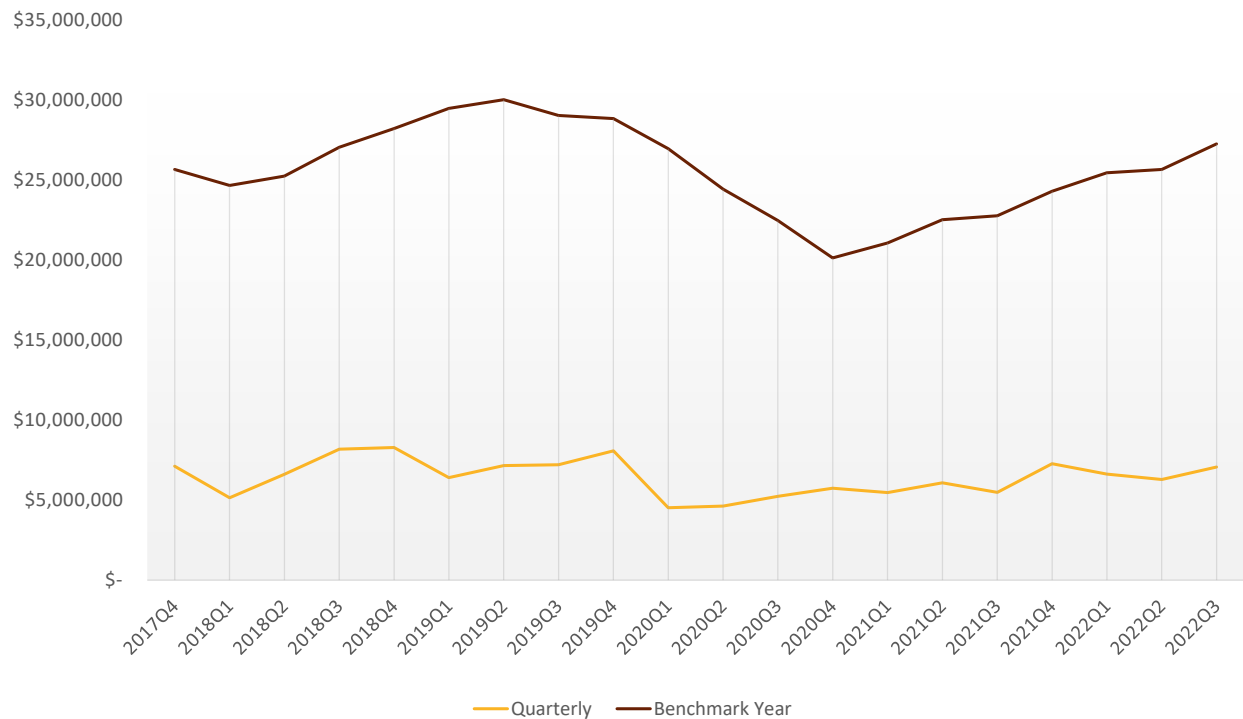
Regional Overview Chart (Economic)

CITY OF PALO ALTO

BENCHMARK YEAR 2022Q3 COMPARED TO BENCHMARK YEAR 2021Q3

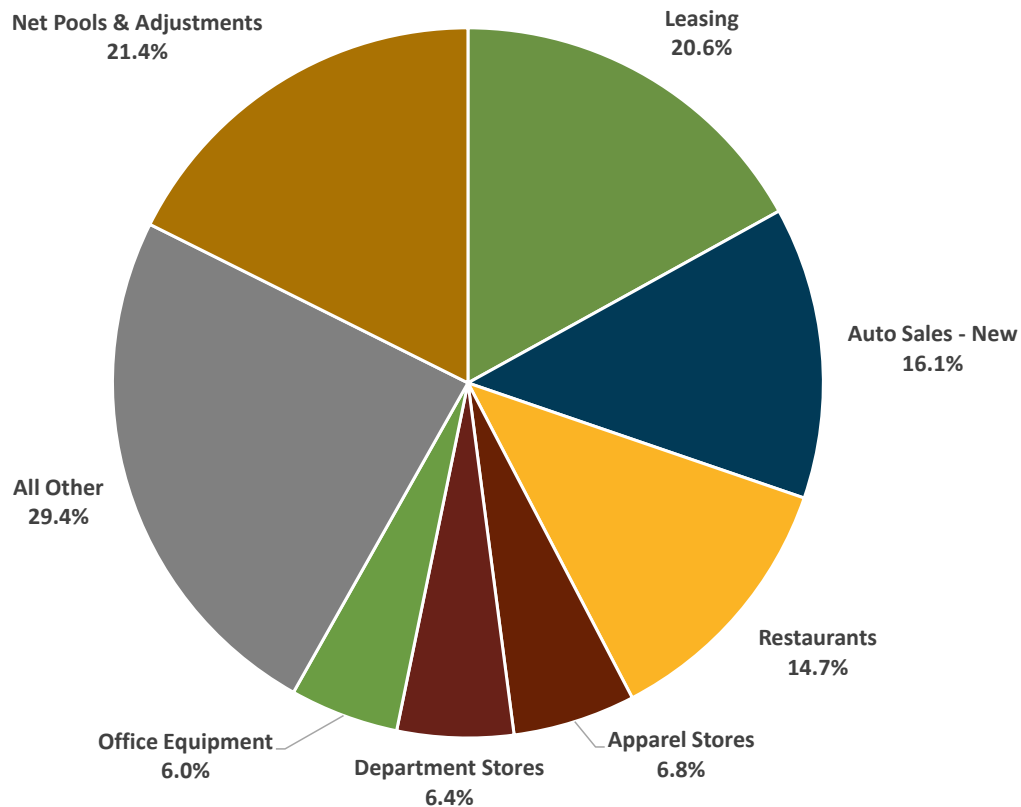
ECONOMIC CATEGORY ANALYSIS FOR YEAR ENDED 3rd Quarter 2022								
% of Total / % Change	Palo Alto	California Statewide	S.F. Bay Area	Sacramento Valley	Central Valley	South Coast	Inland Empire	North Coast
General Retail	27.7 / 23.5	28.2 / 8.1	26.5 / -11.1	27.8 / 9.7	36.3 / 5.6	26.2 / 12.7	32.6 / 33.3	25.6 / -27.3
Food Products	16.6 / 41.5	20.1 / 16.2	20.7 / 2.1	15.8 / 14.5	14.2 / 8.7	22.2 / 22.4	17.4 / 23.8	17.4 / -8.7
Transportation	20.4 / 1.1	24.4 / 11.7	19.6 / -16.5	27.7 / 9.0	23.3 / 10.3	25.4 / 19.4	26.0 / 33.5	30.3 / -7.3
Business to Business	31.4 / 22.9	16.2 / 7.4	21.5 / -9.4	14.2 / 12.7	14.9 / 11.2	16.2 / 13.1	10.6 / 26.0	11.1 / -0.4
Misc/Other	3.9 / -19.0	11.1 / 4.1	11.8 / -13.1	14.5 / 10.3	11.3 / 3.5	10.0 / 8.4	13.4 / 20.8	15.6 / -16.6
Total	100.0 / 18.0	100.0 / 9.9	100.0 / -9.7	100.0 / 10.8	100.0 / 7.7	100.0 / 16.0	100.0 / 29.0	100.0 / -14.4
ECONOMIC SEGMENT ANALYSIS FOR YEAR ENDED 3rd Quarter 2022								
	Palo Alto	California Statewide	S.F. Bay Area	Sacramento Valley	Central Valley	South Coast	Inland Empire	North Coast
Largest Segment	Leasing	Restaurants	Restaurants	Auto Sales - New	Miscellaneous Retail	Restaurants	Miscellaneous Retail	Service Stations
% of Total / % Change	20.5 / 24.4	14.1 / 23.2	14.9 / 12.7	11.3 / 2.2	13.2 / 18.9	16.0 / 29.4	15.7 / 59.7	11.9 / 19.2
2nd Largest Segment	Auto Sales - New	Auto Sales - New	Miscellaneous Retail	Restaurants	Department Stores	Auto Sales - New	Auto Sales - New	Restaurants
% of Total / % Change	16.1 / -5.7	11.4 / 4.1	9.8 / -11.7	10.7 / 19.3	11.0 / 4.2	12.8 / 14.6	11.0 / 20.3	11.0 / -5.3
3rd Largest Segment	Restaurants	Miscellaneous Retail	Auto Sales - New	Miscellaneous Retail	Restaurants	Department Stores	Restaurants	Auto Sales - New
% of Total / % Change	14.6 / 45.4	9.5 / 17.0	9.3 / -26.7	10.4 / 21.8	9.3 / 10.2	8.1 / 13.2	10.6 / 28.1	10.9 / -23.7

Gross Historical Sales Tax Cash Receipts by Benchmark Year and Quarter (Before Adjustments)



Net Cash Receipts for Benchmark Year third Quarter 2022: \$33,450,131

**Benchmark year (BMY) is the sum of the current and 3 previous quarters (2022Q3 BMY is sum of 2022 Q3, 2022 Q2, 2022 Q1, 2021 Q4)*

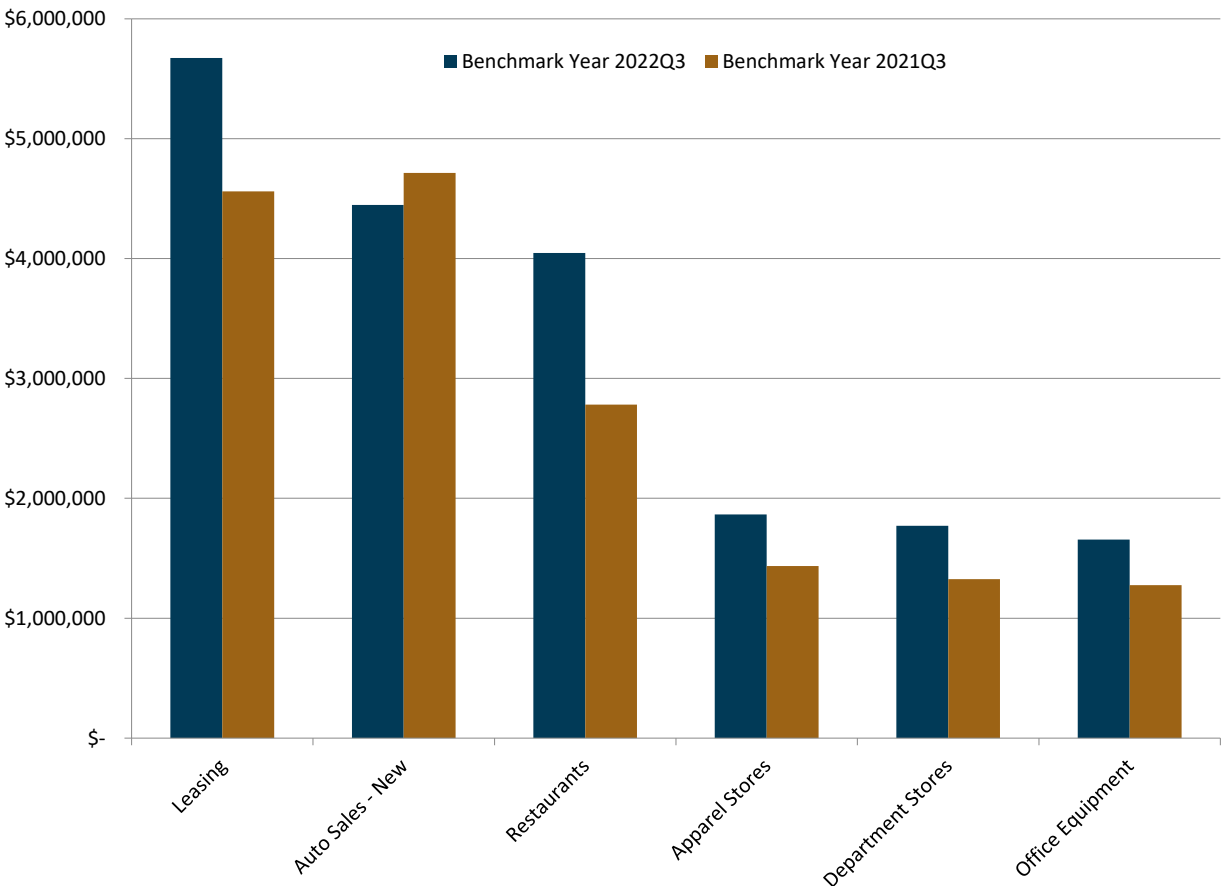


TOP 25 SALES/USE TAX CONTRIBUTORS

The following list identifies Palo Alto's Top 25 Sales/Use Tax contributors. The list is in alphabetical order and represents the year ended third quarter of 2022. The Top 25 Sales/Use Tax contributors generate 60.6% of Palo Alto's total sales and use tax revenue.

Anderson Honda	Magnussen's Toyota of Palo Alto	Tesla
Apple Stores	Neiman Marcus	Tesla Lease Trust
Arco AM/PM Mini Marts	Nordstrom Department Store	Tiffany & Company
Audi Palo Alto	Richemont	Union 76 Service Stations
Bloomingdale's	Rivian Automotive	Valero Service Stations
Hermes	Shell Service Stations	Varian Medical Systems
HP Enterprise Services	Shreve & Co.	Volvo Cars Palo Alto
Louis Vuitton	Stanford Health Care	Wilkes Bashford
Macy's Department Store		

Sales Tax from Largest Non-Confidential Sales Tax Segments (Economic)



City of Palo Alto

Historical Analysis by Calendar Quarter

Economic Category	%	2022Q3	2022Q2	2022Q1	2021Q4	2021Q3	2021Q2	2021Q1	2020Q4	2020Q3	2020Q2	2020Q1
Business To Business	25.3%	2,194,817	2,095,020	2,031,199	2,136,501	1,689,561	1,559,814	1,700,725	1,937,072	1,909,078	1,851,601	2,000,210
Miscellaneous/Other	18.4%	1,597,816	1,724,861	1,701,538	1,687,189	1,812,731	1,743,358	1,558,859	1,777,635	1,480,228	997,005	1,227,541
General Retail	20.7%	1,802,777	1,920,316	1,639,417	2,282,253	1,687,461	1,740,666	1,153,240	1,608,823	1,143,497	660,300	1,450,820
Food Products	14.2%	1,230,824	1,227,240	1,018,577	1,083,309	999,729	912,939	635,705	674,469	651,271	439,540	990,266
Subtotal Economic (Local Business)	78.6%	6,826,234	6,967,438	6,390,731	7,189,252	6,189,482	5,956,778	5,048,529	5,997,999	5,184,075	3,948,447	5,668,837
Net Pools & Adjustments	21.4%	1,862,181	686,044	1,721,924	1,806,328	584,508	1,513,663	1,741,273	1,343,184	1,339,250	1,877,921	-2,287
Total Cash Receipts	100.0%	8,688,414	7,653,481	8,112,655	8,995,580	6,773,990	7,470,441	6,789,802	7,341,183	6,523,324	5,826,368	5,666,550

Economic Segment	%	2022Q3	2022Q2	2022Q1	2021Q4	2021Q3	2021Q2	2021Q1	2020Q4	2020Q3	2020Q2	2020Q1
Miscellaneous/Other	47.0%	4,087,158	4,008,008	3,949,786	3,969,954	3,752,178	3,570,610	3,406,995	3,982,753	3,567,251	3,181,367	3,551,274
Restaurants	12.7%	1,102,248	1,093,944	902,707	947,771	884,911	799,544	540,244	557,662	546,924	342,533	867,027
Miscellaneous Retail	4.4%	381,616	479,710	432,956	679,381	412,016	514,516	338,032	489,417	329,678	108,953	280,493
Apparel Stores	5.0%	435,730	495,508	392,724	540,782	406,274	398,447	264,318	365,627	265,136	72,307	305,737
Department Stores	4.9%	423,601	454,349	367,144	525,295	388,703	384,763	237,522	315,453	186,316	29,842	245,948
Service Stations	2.7%	233,387	250,715	191,755	190,610	181,460	157,268	116,258	111,242	108,840	70,063	146,291
Food Markets	1.1%	99,811	104,253	91,634	108,203	90,773	89,773	74,397	89,739	81,580	77,803	102,026
Business Services	0.7%	62,683	80,950	62,025	227,256	73,169	41,858	70,763	86,107	98,350	65,579	170,042
Subtotal Economic (Local Business)	78.6%	6,826,234	6,967,438	6,390,731	7,189,252	6,189,482	5,956,778	5,048,529	5,997,999	5,184,075	3,948,447	5,668,837
Net Pools & Adjustments	21.4%	1,862,181	686,044	1,721,924	1,806,328	584,508	1,513,663	1,741,273	1,343,184	1,339,250	1,877,921	-2,287
Total Cash Receipts	100.0%	8,688,414	7,653,481	8,112,655	8,995,580	6,773,990	7,470,441	6,789,802	7,341,183	6,523,324	5,826,368	5,666,550

The chart above shows the categories and segments in quarterly economic basis amounts. The total amount is the net cash receipts, and it was obtained by adding up the categories/segments with the “Net Pools & Adjustments” amount.

City of Palo Alto

Historical Analysis by Calendar BMY from 2013Q3 to 2022Q3

Economic Category	%	2022Q3	2021Q3	2020Q3	2019Q3	2018Q3	2017Q3	2016Q3	2015Q3	2014Q3	2013Q3
Business To Business	25.8%	8,645,684	7,034,140	8,246,139	8,068,576	6,118,695	5,532,072	5,274,809	4,252,574	4,537,394	4,206,253
Miscellaneous/Other	20.0%	6,701,529	6,892,583	5,542,287	8,214,200	7,120,534	6,065,260	6,214,339	5,733,704	5,340,922	9,283,251
General Retail	22.9%	7,644,764	6,190,190	5,167,346	7,811,723	8,448,668	8,267,871	8,066,588	8,052,871	8,085,021	7,813,954
Food Products	13.6%	4,559,950	3,222,843	3,373,098	4,906,402	4,798,972	4,628,795	4,622,737	4,411,228	4,126,302	3,731,703
Subtotal Economic (Local Business)	82.4%	27,551,926	23,339,756	22,328,869	29,000,900	26,486,869	24,493,998	24,178,472	22,450,377	22,089,640	25,035,161
Net Pools & Adjustments	17.6%	5,898,205	5,035,660	5,529,280	5,926,100	5,483,467	5,053,065	4,110,537	4,197,233	3,612,493	3,626,104
Total	100.0%	33,450,131	28,375,417	27,858,150	34,927,001	31,970,337	29,547,063	28,289,009	26,647,610	25,702,133	28,661,265

Economic Segment	%	2022Q3	2021Q3	2020Q3	2019Q3	2018Q3	2017Q3	2016Q3	2015Q3	2014Q3	2013Q3
Miscellaneous/Other	48.4%	16,193,179	14,859,504	14,564,155	17,223,258	14,622,219	12,786,006	12,448,262	11,026,468	11,018,397	14,405,546
Restaurants	12.1%	4,046,669	2,782,361	2,891,941	4,330,976	4,196,879	4,027,460	4,021,277	3,835,898	3,602,981	3,200,200
Miscellaneous Retail	5.9%	1,973,663	1,753,981	1,219,614	1,656,394	1,688,326	2,033,749	1,992,497	1,520,014	1,518,777	1,394,483
Apparel Stores	5.6%	1,864,744	1,434,666	1,194,705	1,959,891	1,931,586	1,721,794	1,631,712	1,656,560	1,663,440	1,617,661
Department Stores	5.3%	1,770,390	1,326,441	1,014,928	1,842,137	2,085,700	2,032,059	2,188,368	2,402,334	2,376,717	2,466,909
Service Stations	2.6%	866,467	566,228	506,276	693,868	671,528	601,794	554,825	668,928	784,615	760,477
Business Services	1.3%	432,914	271,896	550,822	845,213	808,531	788,902	832,423	839,442	670,259	723,849
Food Markets	1.2%	403,901	344,680	386,428	449,163	482,100	502,234	509,109	500,731	454,455	466,036
Subtotal Economic (Local Business)	82.4%	27,551,926	23,339,756	22,328,869	29,000,900	26,486,869	24,493,998	24,178,472	22,450,377	22,089,640	25,035,161
Net Pools & Adjustments	17.6%	5,898,205	5,035,660	5,529,280	5,926,100	5,483,467	5,053,065	4,110,537	4,197,233	3,612,493	3,626,104
Total	100.0%	33,450,131	28,375,417	27,858,150	34,927,001	31,970,337	29,547,063	28,289,009	26,647,610	25,702,133	28,661,265

The chart above shows the categories and segments in benchmark year economic basis amounts. The total amount is the net cash receipts, and it was obtained by adding up the categories/segments with the “Net Pools & Adjustments” amount. Benchmark year (BMY) is the sum of the current and 3 previous quarters (2022Q3 BMY is sum of 2022 Q3, 2022 Q2, 2022 Q1, 2021 Q4).

City of Palo Alto

Quarterly Analysis by Sales Tax Category: Change from 2021Q3 to 2022Q3 (Economic)

	General Retail	Food Products	Transportation	Business to Business	Misc/Other	2022/3 Total	2021/3 Total	% Chg	Largest Gain	Second Largest Gain	Largest Decline	Second Largest Decline
Campbell	0.8%	9.2%	9.2%	7.3%	85.3%	2,704,626	2,529,056	6.9%	Electronic Equipment	Restaurants	Light Industry	Auto Sales - Used
Cupertino	-6.2%	17.0%	17.0%	-15.7%	8.8%	8,781,311	10,037,769	-12.5%	Restaurants	Service Stations	Office Equipment	I.T. Infrastructure
Gilroy	3.4%	1.0%	1.0%	29.4%	-13.9%	4,487,889	4,241,838	5.8%	Auto Sales - New	Service Stations	Misc. Vehicle Sales	Auto Sales - Used
Los Altos	-13.7%	9.7%	9.7%	135.4%	14.1%	645,693	567,672	13.7%	Electronic Equipment	Restaurants	Recreation Products	Green Energy
Los Gatos	9.8%	9.4%	9.4%	1.9%	48.5%	1,494,264	1,343,457	11.2%	Restaurants	Miscellaneous Other	Food Processing Eqp	Leasing
Milpitas	8.8%	23.1%	23.1%	22.0%	107.0%	6,020,216	5,426,209	10.9%	Office Equipment	Restaurants	Auto Sales - New	Bldg.Matls-Whsle
Morgan Hill	4.4%	9.4%	9.4%	-9.2%	-20.2%	2,604,870	2,485,592	4.8%	Service Stations	Restaurants	Light Industry	Bldg.Matls-Whsle
Mountain View	-4.9%	49.4%	49.4%	10.8%	-44.2%	5,078,779	4,186,355	21.3%	Restaurants	Auto Sales - New	Business Services	Furniture/Appliance
Palo Alto	6.8%	23.1%	-13.9%	29.9%	-2.5%	6,826,234	6,189,482	10.3%	Office Equipment	Leasing	Auto Sales - New	Drug Stores
San Jose	-0.4%	12.1%	12.1%	29.2%	0.6%	57,418,270	52,477,579	9.4%	Office Equipment	Restaurants	Miscellaneous Retail	Light Industry
Santa Clara	4.0%	20.7%	20.7%	3.5%	-43.9%	13,346,375	11,910,403	12.1%	Auto Sales - New	Office Equipment	I.T. Infrastructure	Electronic Equipment
County of Santa Clara	9.0%	13.6%	13.6%	21.0%	-8.0%	1,337,665	1,233,561	8.4%	Heavy Industry	Restaurants	Auto Sales - Used	Light Industry
Saratoga	5.0%	4.4%	4.4%	58.0%	78.2%	288,400	260,603	10.7%	Business Services	Restaurants	Food Processing Eqp	Apparel Stores
Sunnyvale	53.4%	20.5%	20.5%	3.8%	68.6%	7,204,543	6,137,708	17.4%	Department Stores	Restaurants	Light Industry	Business Services

Unlike the chart on page one which showed a ‘benchmark year’ through third quarter of 2022, the chart above shows a comparison of one quarter only – third quarter of 2022 to third quarter of 2021. This chart is for local ‘brick and mortar’ businesses and it excludes county pools and adjustments.

City of Palo Alto

City of Palo Alto Geo Areas & Citywide Chart Data: Change from 2021Q3 to 2022Q3 (Economic)

California Avenue	% CHANGE QoQ	2022Q3 QE	2021Q3 QE	22Q3 % OF TOTAL	21Q3 % OF TOTAL
FOOD PRODUCTS	29.4%	63,121	48,765	46.9%	42.0%
GENERAL RETAIL	-16.2%	29,306	34,980	21.8%	30.1%
ALL OTHER	30.3%	42,284	32,446	31.4%	27.9%
TOTAL	15.9%	134,710	116,191	100.0%	100.0%

El Camino Real and Midtown	% CHANGE QoQ	2022Q3 QE	2021Q3 QE	22Q3 % OF TOTAL	21Q3 % OF TOTAL
FOOD PRODUCTS	20.0%	155,044	129,204	44.8%	38.9%
GENERAL RETAIL	1.9%	36,622	35,939	10.6%	10.8%
ALL OTHER	-7.5%	154,688	167,234	44.7%	50.3%
TOTAL	4.2%	346,354	332,376	100.0%	100.0%

Greater Downtown	% CHANGE QoQ	2022Q3 QE	2021Q3 QE	22Q3 % OF TOTAL	21Q3 % OF TOTAL
FOOD PRODUCTS	26.8%	477,597	376,707	56.5%	56.4%
GENERAL RETAIL	29.6%	302,635	233,552	35.8%	35.0%
BUSINESS TO BUSINESS	21.4%	41,811	34,442	4.9%	5.2%
CONSTRUCTION	7.1%	12,591	11,751	1.5%	1.8%
MISCELLANEOUS	10.2%	8,439	7,661	1.0%	1.1%
TRANSPORTATION	-27.9%	2,852	3,957	0.3%	0.6%
TOTAL	26.6%	845,924	668,069	100.0%	100.0%

Stanford Shopping Center	% CHANGE QoQ	2022Q3 QE	2021Q3 QE	22Q3 % OF TOTAL	21Q3 % OF TOTAL
GENERAL RETAIL	-10.8%	929,201	1,041,989	70.7%	72.1%
FOOD PRODUCTS	8.9%	146,567	134,606	11.2%	9.3%
ALL OTHER	-11.1%	238,362	267,999	18.1%	18.6%
TOTAL	-9.0%	1,314,130	1,444,594	100.0%	100.0%

City of Palo Alto

City of Palo Alto Geo Areas & Citywide Chart Data: Change from 2021Q3 to 2022Q3 (Economic) Cont.

Town And Country Shopping Center	% CHANGE QoQ	2022Q3 QE	2021Q3 QE	22Q3 % OF TOTAL	21Q3 % OF TOTAL
GENERAL RETAIL	29.9%	71,170	54,803	40.2%	35.9%
ALL OTHER	7.9%	105,749	98,004	59.8%	64.1%
TOTAL	15.8%	176,919	152,807	100.0%	100.0%

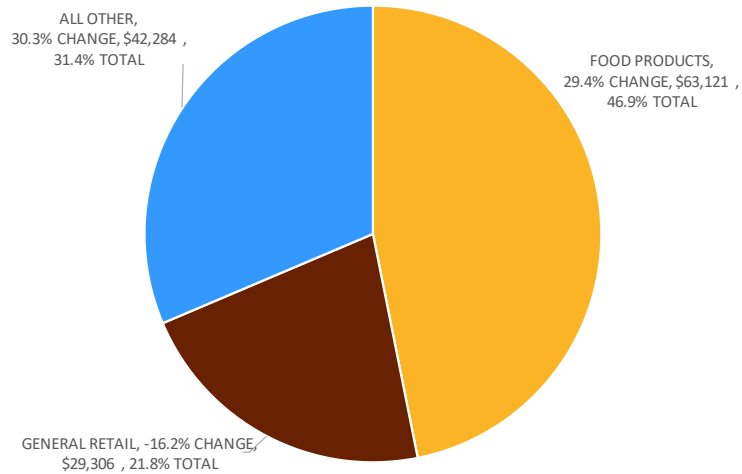
All Other Geos combined with Balance of Jurisdiction	% CHANGE QoQ	2022Q3 QE	2021Q3 QE	22Q3 % OF TOTAL	21Q3 % OF TOTAL
BUSINESS TO BUSINESS	29.8%	2,054,495	1,583,139	35.8%	29.0%
GENERAL RETAIL	-10.1%	1,441,243	1,603,498	25.1%	29.4%
TRANSPORTATION	-16.3%	1,112,941	1,330,405	19.4%	24.4%
FOOD PRODUCTS	23.8%	1,026,021	829,000	17.9%	15.2%
CONSTRUCTION	23.8%	56,223	45,412	1.0%	0.8%
MISCELLANEOUS	-12.2%	54,741	62,346	1.0%	1.1%
TOTAL	5.4%	5,745,664	5,453,800	100.0%	100.0%

All Geo Area Totals Comparison 22Q3 & 21Q3	% CHANGE QoQ	2022Q3 QE	2021Q3 QE	22Q3 % OF TOTAL	21Q3 % OF TOTAL
Balance of Jurisdiction	6.9%	2,927,627	2,739,762	51.0%	50.2%
Stanford Shopping Center	-9.0%	1,314,130	1,444,594	22.9%	26.5%
Greater Downtown	26.6%	845,924	668,069	14.7%	12.2%
El Camino Real and Midtown	4.2%	346,354	332,376	6.0%	6.1%
Town And Country Shopping Center	15.8%	176,919	152,807	3.1%	2.8%
California Avenue	15.9%	134,710	116,191	2.3%	2.1%
TOTAL	5.4%	5,745,664	5,453,800	100.0%	100.0%

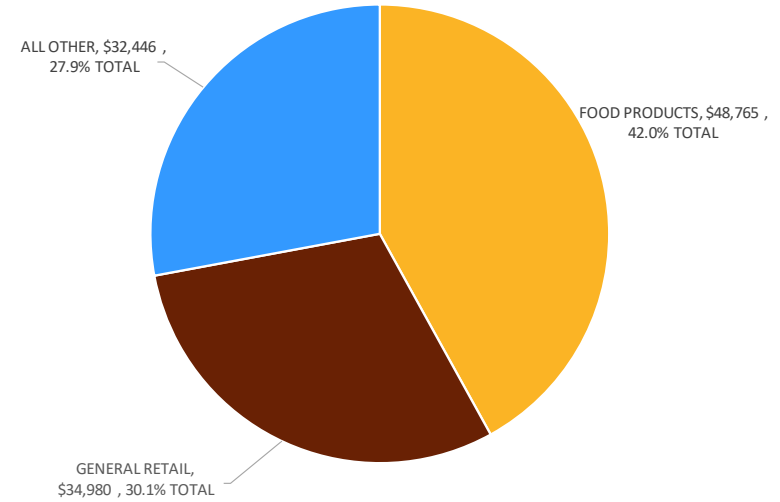
Palo Alto citywide QE 22Q3 & 21Q3	% CHANGE QoQ	2022Q3 QE	2021Q3 QE	22Q3 % OF TOTAL	21Q3 % OF TOTAL
BUSINESS TO BUSINESS	29.9%	2,194,817	1,689,561	32.2%	27.3%
GENERAL RETAIL	6.8%	1,802,777	1,687,461	26.4%	27.3%
TRANSPORTATION	-13.9%	1,341,557	1,558,469	19.7%	25.2%
FOOD PRODUCTS	23.1%	1,230,824	999,729	18.0%	16.2%
MISCELLANEOUS	-7.6%	187,947	203,392	2.8%	3.3%
CONSTRUCTION	34.3%	68,311	50,869	1.0%	0.8%
TOTAL	10.3%	6,826,234	6,189,482	100.0%	100.0%

City of Palo Alto Geo Area Pie Charts

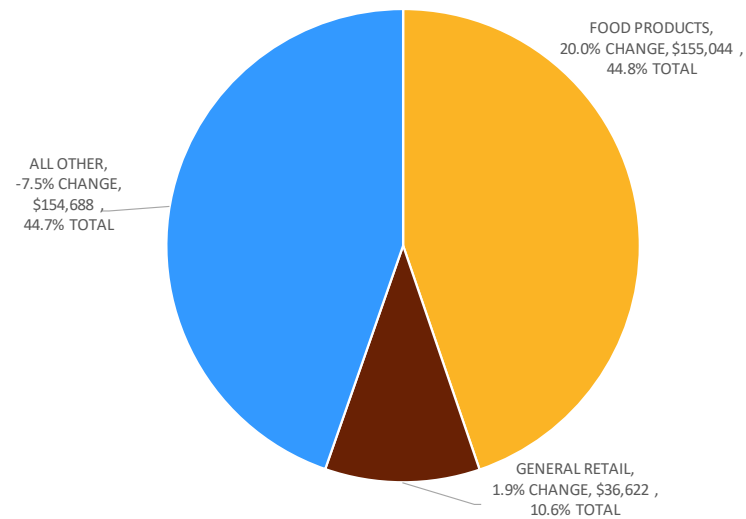
California Avenue 2022Q3 SALES TAX AMOUNTS



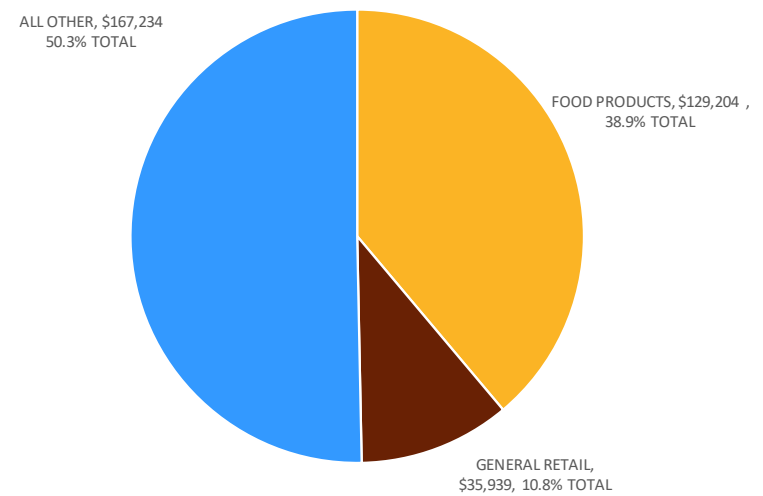
California Avenue 2021Q3 SALES TAX AMOUNTS



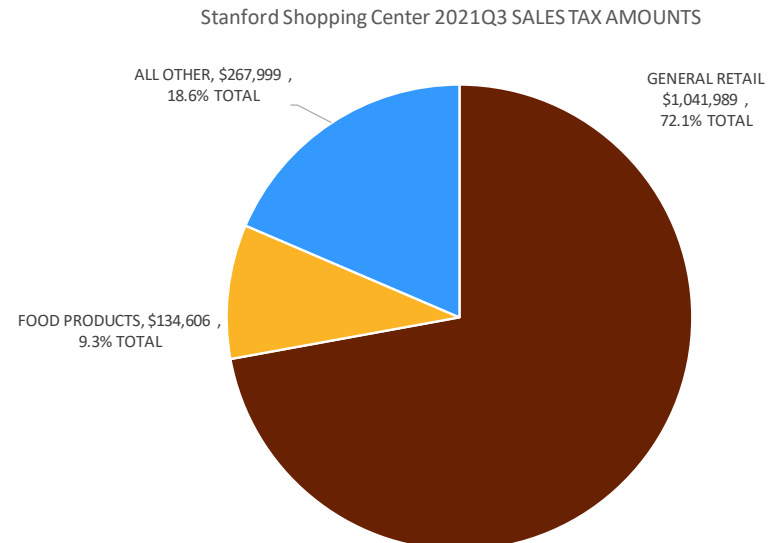
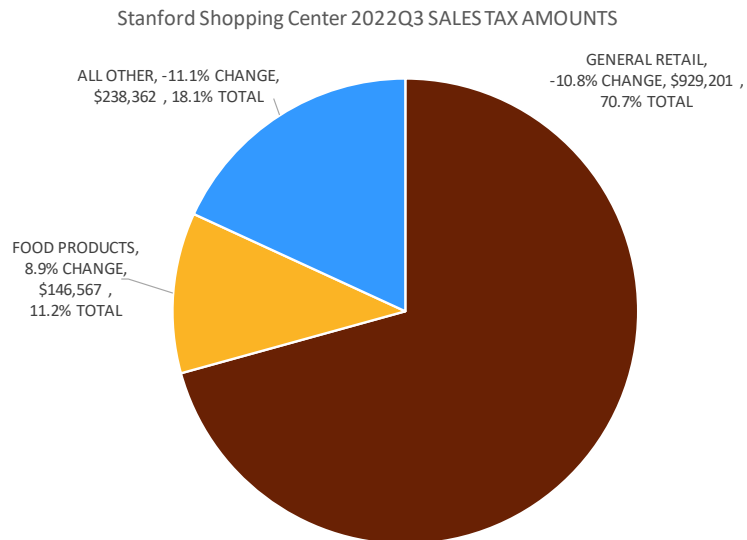
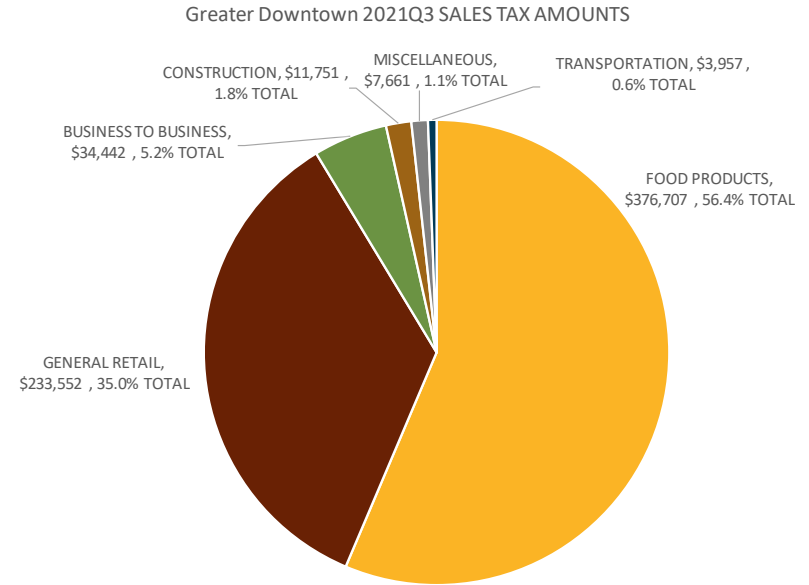
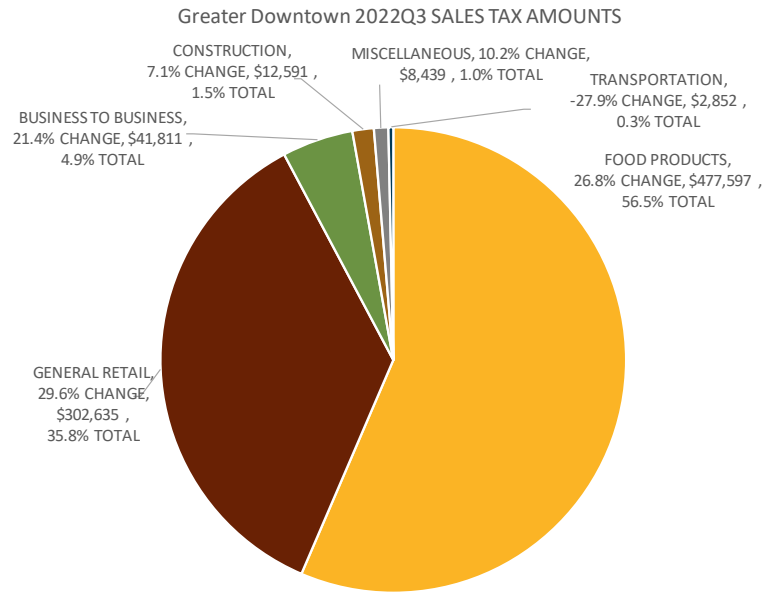
El Camino Real and Midtown 2022Q3 SALES TAX AMOUNTS



El Camino Real and Midtown 2021Q3 SALES TAX AMOUNTS

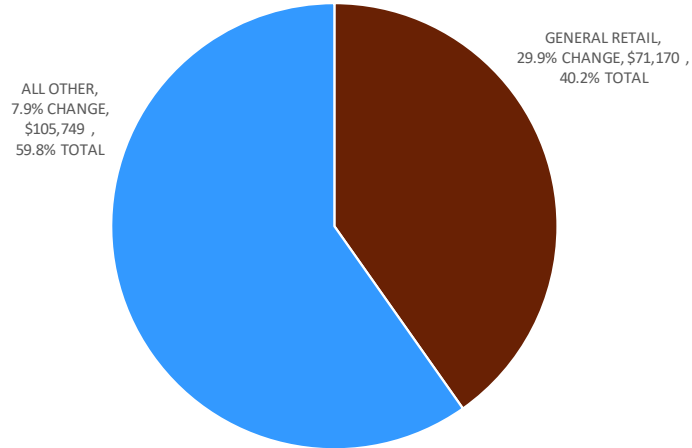


City of Palo Alto Geo Areas Pie Charts

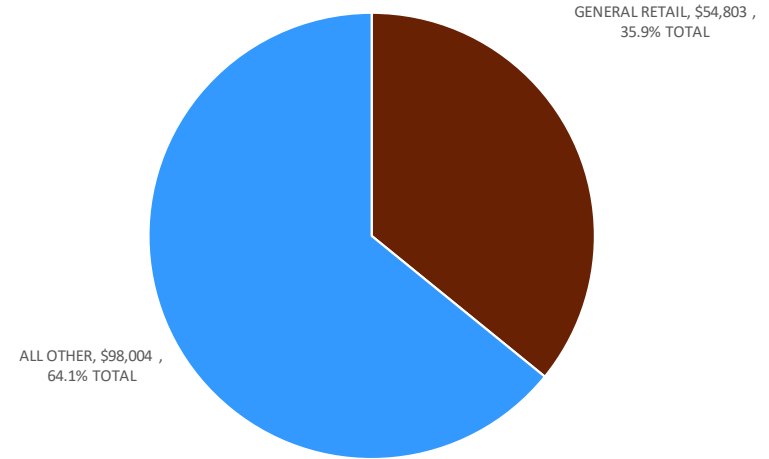


City of Palo Alto Geo Area Pie Charts

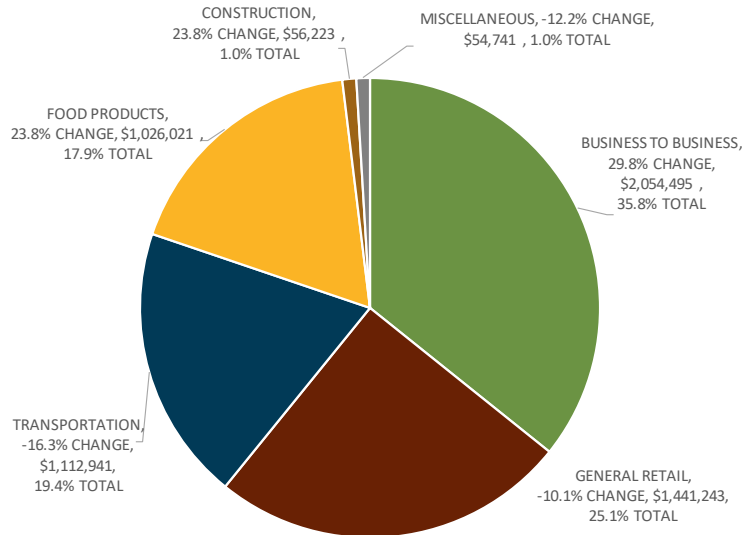
Town And Country Shopping Center 2022Q3 SALES TAX AMOUNTS



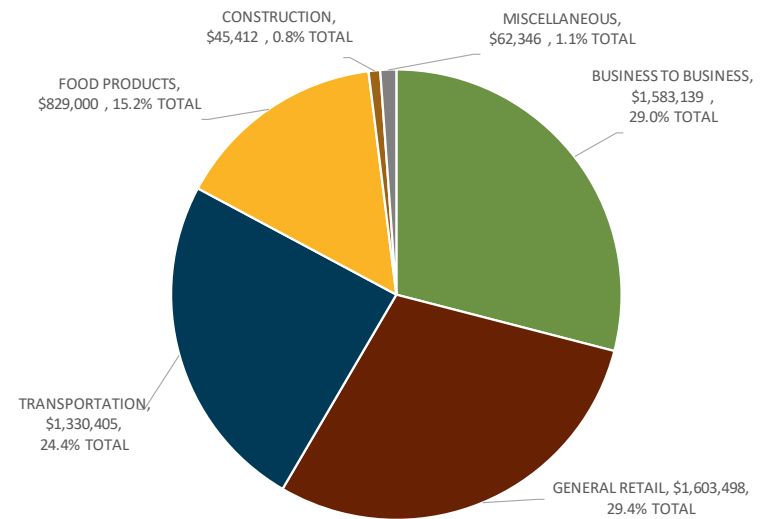
Town And Country Shopping Center 2021Q3 SALES TAX AMOUNTS



All Other Geos combined with Balance of Jurisdiction 2022Q3 SALES TAX AMOUNTS

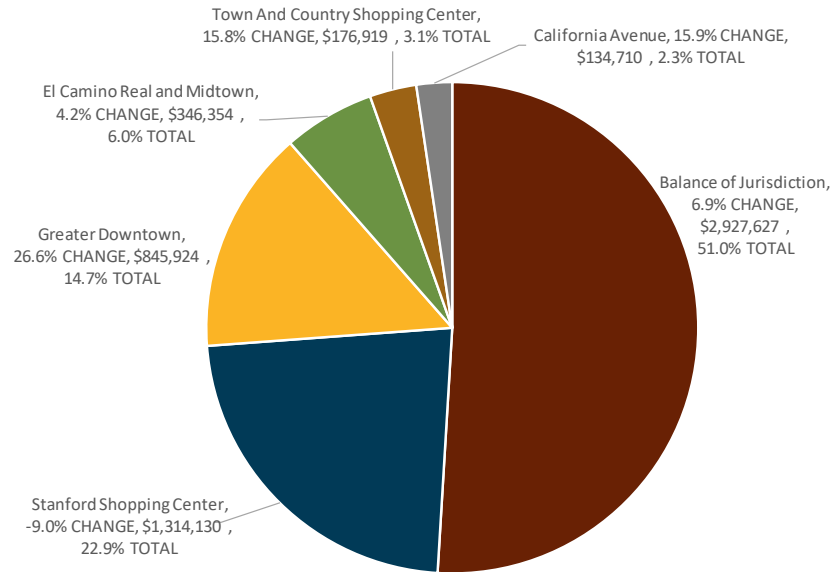


All Other Geos combined with Balance of Jurisdiction 2021Q3 SALES TAX AMOUNTS

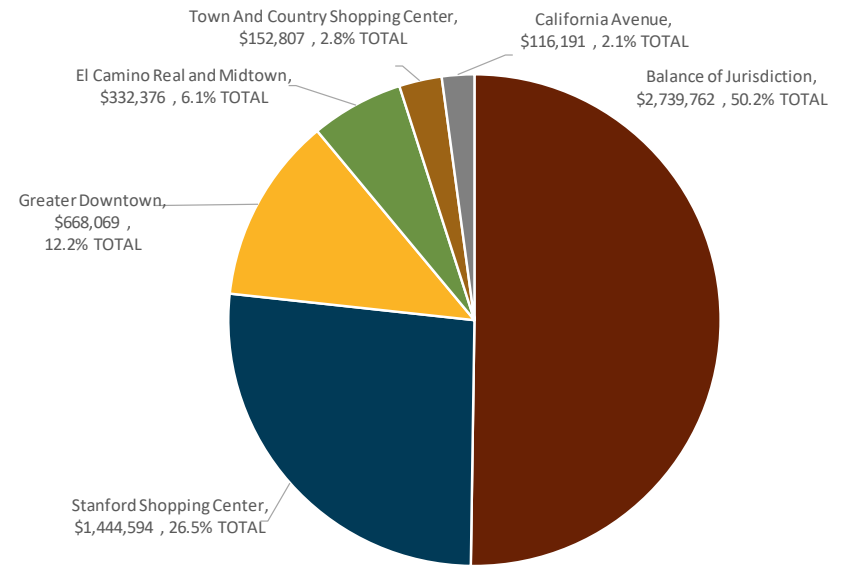


City of Palo Alto Geo Area & Citywide Pie Charts

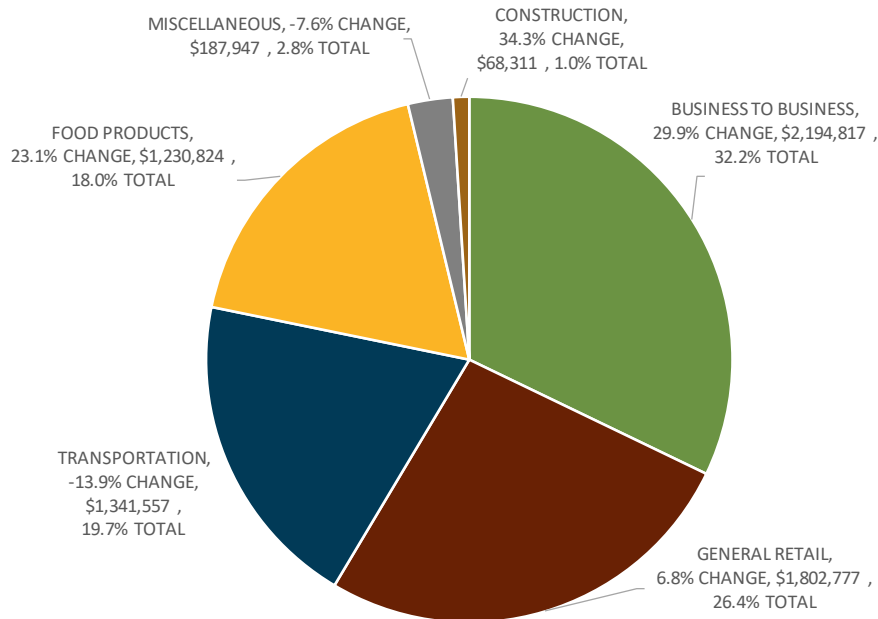
All Geo Area Totals 2022Q3 SALES TAX AMOUNTS



All Geo Area Totals 2021Q3 SALES TAX AMOUNTS



Palo Alto citywide 2022Q3 SALES TAX AMOUNTS



Palo Alto citywide 2021Q3 SALES TAX AMOUNTS

