



City Council Staff Report

From: City Manager

Report Type: INFORMATION REPORTS

Lead Department: Administrative Services

Meeting Date: April 3, 2023

Report #:2302-1009

TITLE

Sales Tax Digest Summary Calendar 2022 Q3 (July 2022 – September 2022)

RECOMMENDATION

This report transmits the third quarter (July to September) of 2022 sales tax digest for the City of Palo Alto (Attachment A).

The City's sales tax cash receipts of \$8.7 million for the third quarter (July to September 2022) is \$1.9 million (28.3%) higher than the same quarter of the prior year (see Attachment A, Historical Analysis by Calendar Quarter). This increase includes late payment anomalies related to the state sales tax extension program 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%. due to higher prices of goods and services as a result of inflation and increased economic activity.

For the year ending in the third quarter of 2022, cash receipts (including county pools) for the City increased by 17.9% from the prior year. In comparison, statewide increased by 13.6% and Northern California increased by 11.9%.

After adjustments for non-period related payments, the overall economic sales tax activity (local business excluding pools) in Palo Alto for the year increased by 18.0%, while it increased 9.9 % for the state and decreased 1.4% in Northern California.

The third quarter includes \$1.7 million of sales tax receipts from the county pool. The City's share of the county pool for this quarter is 5.9%, up from 5% in the third quarter of 2021. County pools are primarily from online purchases from out-of-state companies, remote sellers who ship merchandise to California/County destinations, and private vehicle sales that are not directly allocated to a jurisdiction. County pools are allocated to local jurisdictions based on each jurisdiction's share of total sales taxes.

ATTACHMENTS

Attachment A: City of Palo Alto Sales Tax Digest Summary

APPROVED BY:

Kiely Nose, Assistant City Manager