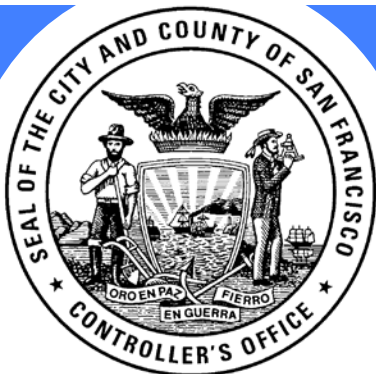


Potential Impacts of a Fur Ban

March 14, 2018



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller

Office of Economic Analysis

Details of the Proposed Legislation

- As of January 1, 2019, the proposed legislation would ban the sale, offer for sale, display for sale, manufacturing, donation, giving, or other distribution of fur products in San Francisco.
- The possession of fur products is not banned; nor are out-of-town or online sales explicitly prohibited.
- Fur is defined as animal skin with hair, fleece, or fur fibers attached, unless the animal was taken under a State trapping license. Other animal skin products including leather, lambskin, wool, etc. are not affected.
- Fur products are clothing or fashion accessories; the sale and manufacture of fur products for dogs and cats would not be prohibited.
- The sale of used fur products would be allowed, provided it was by a second-hand store, pawn-shop, non-profit organization, or any other business not normally in the business of selling fur products.

How Much Fur Is Sold in San Francisco?

- The only official source for economic statistics on product sales is the Economic Census, which is conducted every 5 years. The most recent published edition dates from 2012.
- This data relies on the NAPCS (North American Product Classification System), which contains only one relevant category, “Furs and Fur Garments”.
- According to the Census, retail sales of that product category in California totaled \$355 million in 2012.
- While the product-level data is not available for cities and counties, if fur product sales in San Francisco reflect the city’s share of all retail sales in California, that would lead to \$10.8 million in sales in San Francisco in 2012.

The San Francisco Chamber's Sales Estimate

- On March 9th, the San Francisco Chamber of Commerce shared with the Controller's Office the results of a survey it conducted on retailers that sell fur products in the city.
- 9 retailers responded indicating they sold fur products affected by the proposed ban.
- Two large stores reported annual sales "in excess of \$4 million". Two medium-sized retailers reported sales between \$75,000 and \$500,000, while six small retailers reported sales of between \$75,000 and \$900,000 million.
- The Chamber notes that, in some stores, "[fur product] sales comprise 75% of gross annual sales."
- The Chamber believes that 50 retailers in San Francisco sell fur products that would be prohibited under the proposed legislation, and total sales are approximately \$40 million per year.

What Could Explain the Difference?

- The Chamber's estimate is roughly four times the number we obtained from the Census data.
- As a regional retail center and a tourism center, Union Square likely accounts for a disproportionate share of luxury retail sales, including fur products, and that may account for some of the difference.
- Sales have likely grown since 2012. Overall, San Francisco taxable retail sales have increased by 52% from 2012 to 2017.
- There may be a slight difference in the range of products covered by the ban, from those covered in the Census definition of fur products.
- There may be difficulties in extrapolating from the Chamber's survey results to the full universe of fur product retailers in San Francisco.

Implications

- Even if fur product sales were significantly higher than our Census-based estimate, the proposed legislation is unlikely to significantly harm the overall local economy, using our standard guidelines for determining economic impact.
- Nevertheless, a set of local retailers would be harmed by the legislation. Small retailers specialized in fur sales would find adjustment to the ban more challenging than department stores.
- Additionally, the legislation could weaken the overall economy by contributing to a further leakage of retail sales, and sales tax, as online and out-of-town purchases are not explicitly subject to the legislation.
- A phasing-in of the legislation – such as prohibiting the wholesale delivery of fur products before prohibiting retail sales—may allow retailers to clear their inventory.
- In addition, a broadening of the allowance on selling used fur products could allow small specialty retailers to better adjust to the ban.

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