

# MONTEREY COUNTY UNINC.

## SALES TAX UPDATE

### 3Q 2020 (JULY - SEPTEMBER)



**MONTEREY COUNTY**  
TOTAL: \$ 3,107,867

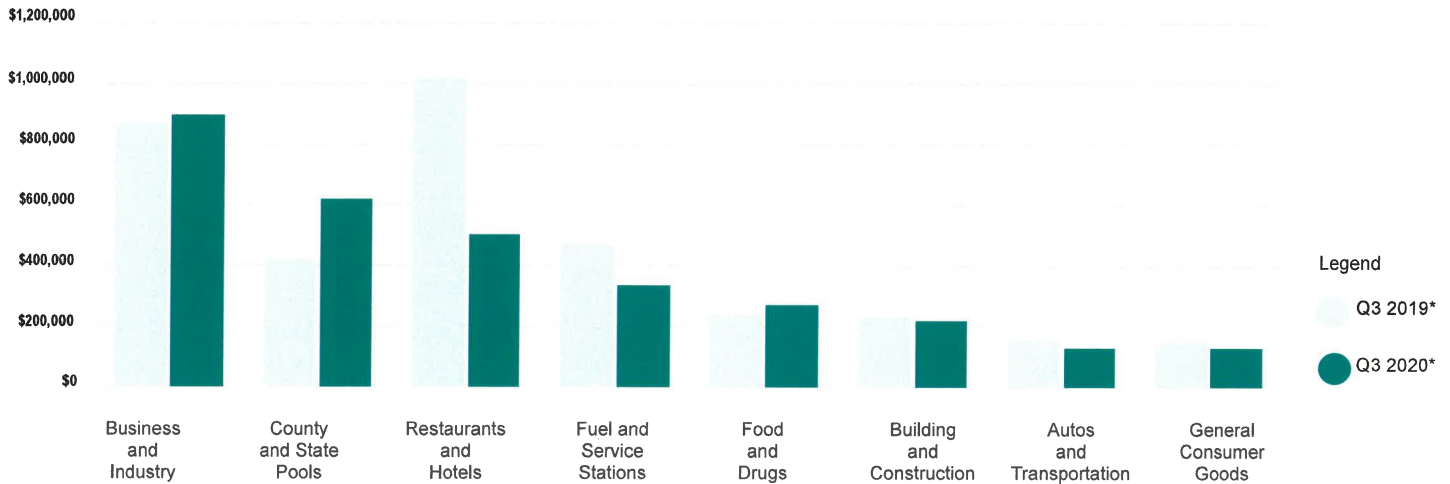
-12.6%  
COUNTY UNINC.

-6.2%  
COUNTY

-0.9%  
STATE

*\*Allocation aberrations have been adjusted to reflect sales activity*

### SALES TAX BY MAJOR BUSINESS GROUP



### MONTEREY COUNTY UNINCORPORATED HIGHLIGHTS

The unincorporated area's receipts from July through September were 0.8% above the third sales period in 2019. However, deferred tax payments from last quarter temporarily exaggerated the cash results. Once these and other reporting aberrations are excluded, actual sales were down 12.6%.

This was the second full quarter impacted by the pandemic, with local point of sale receipts down 20.7% compared to the same period the prior year. Fuel-service stations mirrored statewide trends with diminished revenues due to limited consumption and low gas prices. Similarly, the area's tourism businesses suffered as the extended shut-downs slammed restaurants and hotels hard, with many eateries closed or only able to provide limited service.

As a positive offset, the at-home dining trend pushed by the pandemic, bolstered grocery and convenience store sales. The largest tax group, business-industry, saw increases from farm/construction equipment and garden/agricultural supply businesses.

The City's share of the countywide use tax pool allocations was up 48.1%. Growth in the pool was boosted by a combination of new taxes on out-of-state purchases from full implementation of AB147 (Wayfair), and surges in online shopping.

Net of aberrations, taxable sales for all of Monterey County declined 6.2% over the comparable time period; the Central Coast region was down 1.6%.



### TOP 25 PRODUCERS

- |                                 |                           |
|---------------------------------|---------------------------|
| C & N Tractors                  | R & S Supply              |
| Carmel Valley Ranch             | RDO Agriculture Equipment |
| Chevron                         | Rinaldi Tile & Marble     |
| Core & Main                     | Royal Oaks Valero         |
| CVS Pharmacy                    | Safeway                   |
| Deployed Resources              | Santa Cruz Naturals       |
| Dibwani Motors                  | Shell                     |
| Duke Energy                     | Wilbur Ellis              |
| Dune Company of Salinas         |                           |
| Helena Chemical Company         |                           |
| Kleen Globe                     |                           |
| Kristich Monterey Concrete Pipe |                           |
| Nepenthe                        |                           |
| Pacific Ag Rentals              |                           |
| Pebble Beach Resorts            |                           |
| Phil's Fish Market              |                           |
| Prundale Valero/ferm's Service  |                           |



**STATEWIDE RESULTS**

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last

year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

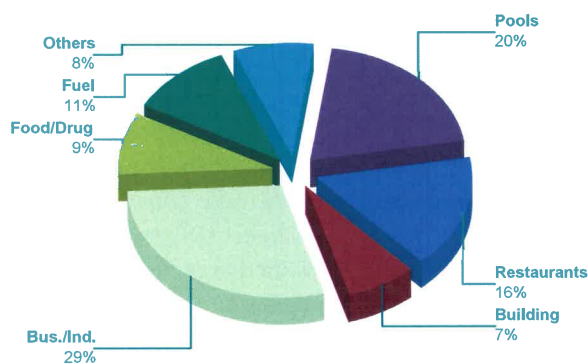
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up

of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

**REVENUE BY BUSINESS GROUP**  
Monterey Co. Uninc This Quarter\*



\*ADJUSTED FOR ECONOMIC DATA

**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Unincorporated County Business Type	Q3 '20*	Change	County Change	HdL State Change
Service Stations	309.9	-21.5%	-23.4%	-29.0%
Garden/Agricultural Supplies	260.7	6.0%	3.5%	7.0%
Hotels-Liquor	251.4	-58.4%	-63.3%	-74.7%
Warehse/Farm/Const. Equip.	217.7	51.1%	18.6%	1.9%
Contractors	137.5	-5.8%	0.1%	-5.7%
Casual Dining	134.6	-34.1%	-35.2%	-38.0%
Grocery Stores	130.0	10.7%	3.4%	7.1%
Heavy Industrial	87.0	-10.0%	3.8%	-9.4%
Building Materials	83.7	-1.0%	17.3%	16.4%
Repair Shop/Equip. Rentals	74.4	-8.2%	-3.3%	-4.0%

\*Allocation aberrations have been adjusted to reflect sales activity

\*In thousands of dollars