

MONTEREY COUNTY UNINC.

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



MONTEREY COUNTY

TOTAL: \$ 2,729,875

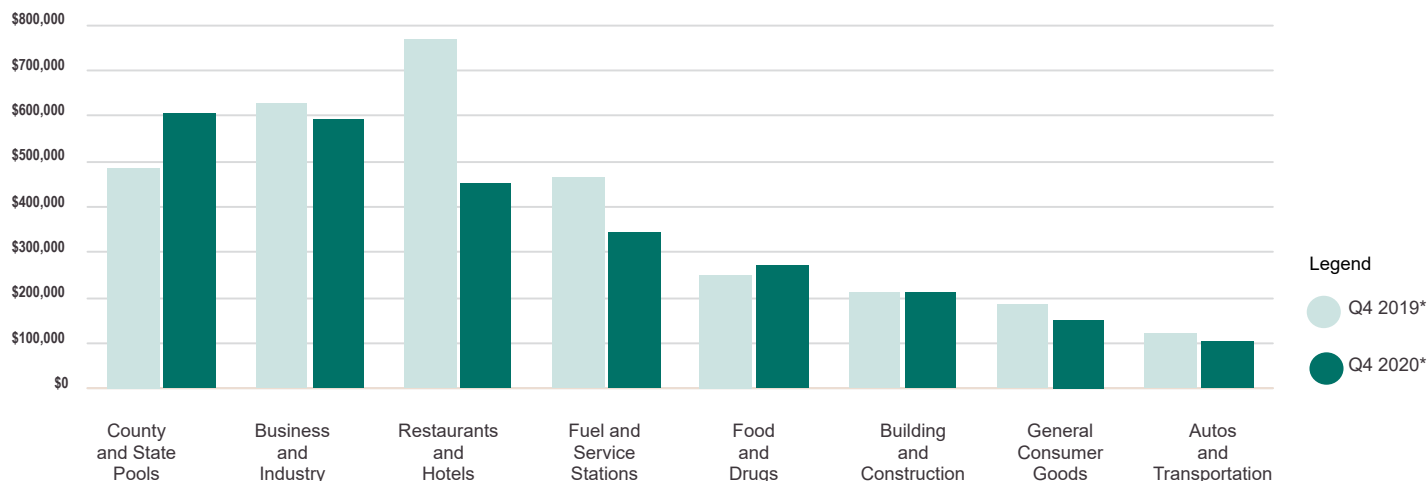
-12.6%
COUNTY UNINC. ↓

-4.4%
COUNTY ↓

-2.0%
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 October through December were 10.3% below the fourth sales period in 2019. Excluding reporting aberrations, actual sales were down 12.6%.

The Governor's December stay-at-home order prohibited on premises dining for a second time amid the Covid-19 pandemic. Restaurants and hotels were negatively impacted by the restrictions and temporary closures; the group declined 41%. Fuel and service stations were also impacted by fewer drivers on the road and the quarter comparison declines were further reduced by persistent low prices for fuel.

On a brighter note, agricultural related business types posted strong gains with one-time capital equipment purchases boosted sales for the quarter. Building material sales benefited from the home

improvement trend and skyrocketing lumber prices. Grocery stores have surged with the limited restaurant choices and results were furthered by the opening of a new outlet.

Growth in the countywide use tax pools continues with a 24.5% increase as consumers favor online shopping during the health crisis.

Net of aberrations, taxable sales for all of Monterey County declined 4.4% over the comparable time period; the Central Coast region was up 0.3%.



TOP 25 PRODUCERS

ABC Supply Co
Assured Aggregates
BevMo
C & N Tractors
Carmel Valley Ranch
Chevron
Core & Main
CVS Pharmacy
Dibwani Motors
Kristich Monterey
Concrete Pipe
Nepenthe
Pacifc Ag Rentals
Pebble Beach Resorts
Phil's Fish Market
Power Electronics
Prundale Valero/farm's
Service
R & S Supply

RDO Agriculture
Equipment
Rinaldi Tile & Marble
Royal Oaks Valero
Safeway
Shell
Sturdy Oil Company
Valero
Ventana Inn & Spa



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

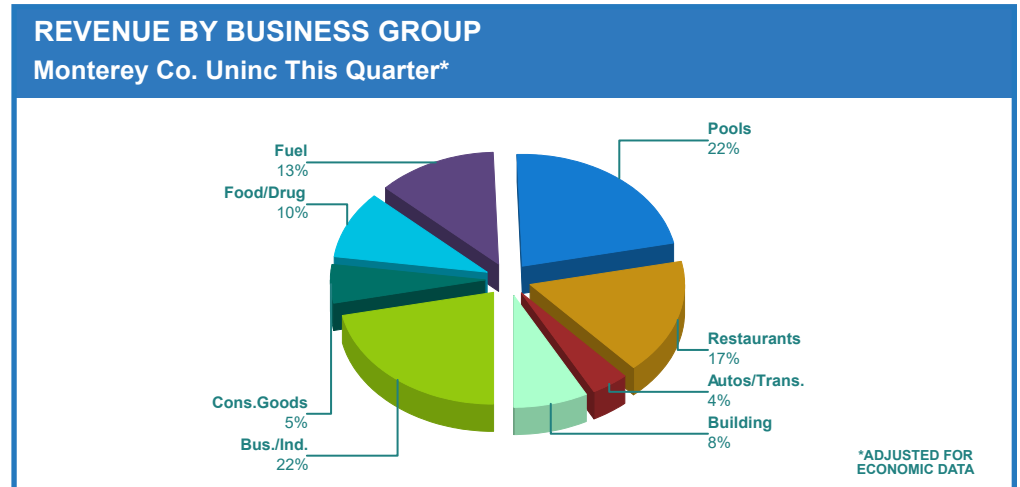
On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset

the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q4 '20*	Change	County Change	HdL State Change
Service Stations	281.9	-24.3% ↓	-27.2% ↓	-31.3% ↓
Hotels-Liquor	226.1	-48.2% ↓	-60.7% ↓	-79.8% ↓
Warehse./Farm./Const. Equip.	151.0	10.9% ↑	6.1% ↑	15.3% ↑
Grocery Stores	145.8	11.7% ↑	4.7% ↑	5.2% ↑
Contractors	129.4	-5.6% ↓	8.5% ↑	2.3% ↑
Garden/Agricultural Supplies	127.0	42.1% ↑	8.9% ↑	14.0% ↑
Casual Dining	121.4	-27.9% ↓	-37.4% ↓	-39.4% ↓
Repair Shop/Equip. Rentals	94.2	-8.9% ↓	-0.9% ↓	-2.5% ↓
Building Materials	81.1	9.8% ↑	17.5% ↑	17.4% ↑
Heavy Industrial	60.5	-26.9% ↓	-17.1% ↓	-10.3% ↓

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars