

# MONTEREY COUNTY UNINC.

## SALES TAX UPDATE

### 1Q 2021 (JANUARY - MARCH)



#### MONTEREY COUNTY

TOTAL: \$ 2,231,475

-11.9%  
COUNTY UNINC.



5.2%  
COUNTY

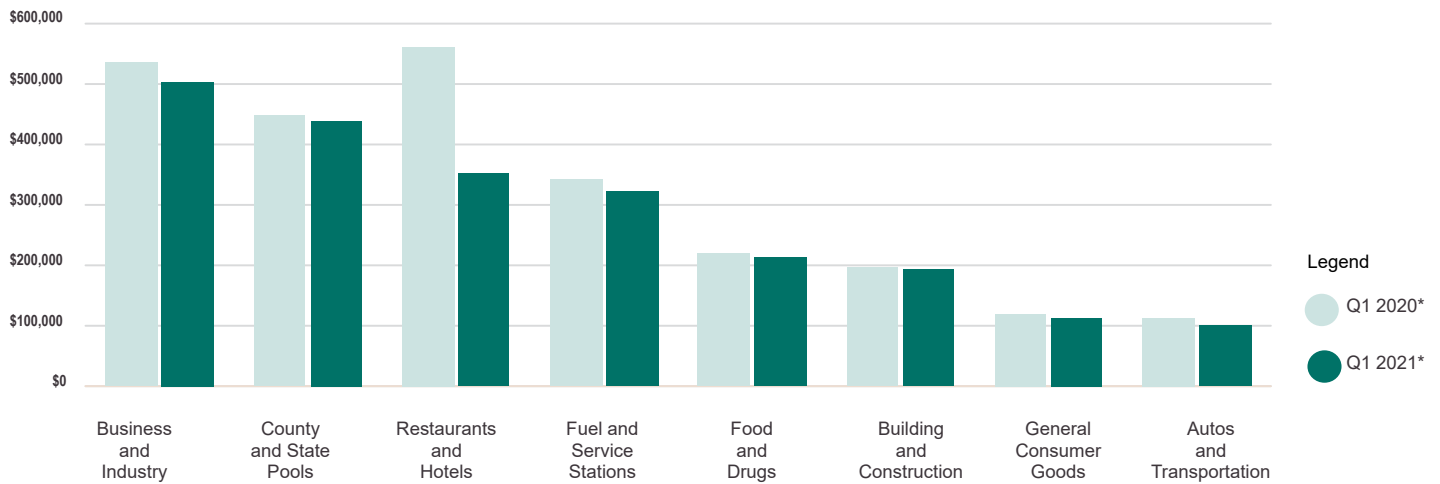


9.5%  
STATE



*\*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 January through March were 9.6% above the first sales period in 2020. However, adjustments for delayed payments, audits, and other reporting modifications resulted in actual sales that decreased 11.9%.

Overall place of sale collections slipped 14% - with all major tax group results falling into negative territory as the impacts of the pandemic lingered.

Improvements in garden/agricultural supplies and drugs/chemicals were erased by losses in other categories such as heavy industrial - and skewed by comparisons to onetime allocations a year ago. A retraction in vehicle sales drove the dip in autos-transportation.

The restaurant-hotels group continued to feel the pinch of residual occupancy

restrictions and temporary closures. A slight uptick in quick-service was eclipsed by declines in casual dining; and hotels plummeted 54% from a year ago. Service station revenues reflected reduced driving miles and lower fuel prices during the quarter.

Additionally, the City's share of the countywide use tax pool allocations dropped 2.2% compared to a year ago.

Net of adjustments, taxable sales for all of Monterey County grew 5.2% over the comparable time period; the Central Coast region was up 9.7%.



#### TOP 25 PRODUCERS

- Assured Aggregates
- Big Sur Cannabotanicals
- C & N Tractors
- Chemical Lime Company
- Chevron
- Core & Main
- CVS Pharmacy
- Griggs Nursery
- Irrigation Design & Construction
- Kristich Monterey Concrete Pipe
- Nepenthe
- Pacific Ag Rentals
- Pebble Beach Resorts
- Phil's Fish Market
- Prundale Valero/farm's Service
- Quiedan
- R & S Supply
- RDO Agriculture Equipment
- Rinaldi Tile & Marble
- Royal Oaks Valero
- Safeway
- Santa Cruz Naturals
- Shell
- Sturdy Oil Company
- Valero



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions. Changes in business structure required a

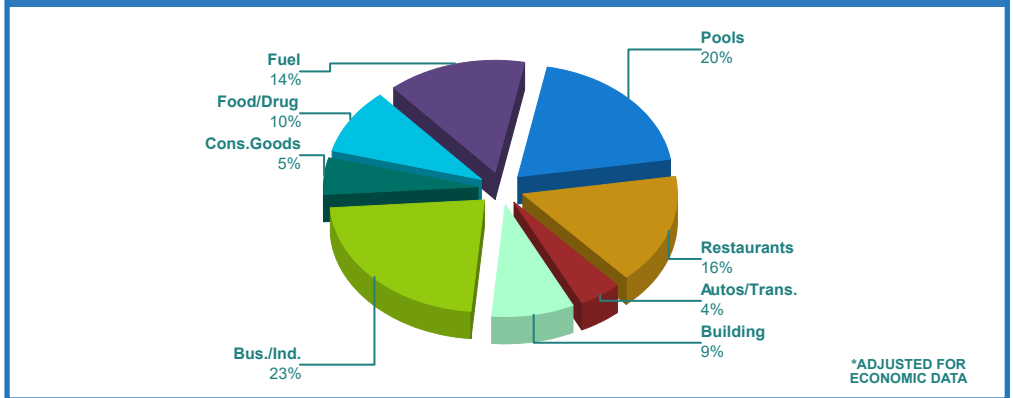
taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

Although indoor dining was available in many counties, the recovery for restaurants

and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q1 '21*	Change	County Change	HdL State Change
Service Stations	268.1	-4.9% ↓	-5.9% ↓	-3.9% ↓
Hotels-Liquor	152.1	-54.1% ↓	-59.9% ↓	-72.1% ↓
Contractors	119.0	-11.5% ↓	10.2% ↑	3.6% ↑
Warehse/Farm/Const. Equip.	116.4	-1.5% ↓	13.8% ↑	7.3% ↑
Garden/Agricultural Supplies	115.3	16.9% ↑	0.1% ↑	8.8% ↑
Grocery Stores	108.5	-5.3% ↓	-6.0% ↓	-6.3% ↓
Casual Dining	104.5	-20.0% ↓	-19.2% ↓	-18.9% ↓
Building Materials	67.8	10.2% ↑	20.7% ↑	18.9% ↑
Repair Shop/Equip. Rentals	64.9	2.9% ↑	-5.6% ↓	-4.2% ↓
Drugs/Chemicals	46.4	84.4% ↑	57.8% ↑	1.5% ↑

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