

MONTEREY COUNTY UNINC.

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



MONTEREY COUNTY

TOTAL: \$ 3,343,788

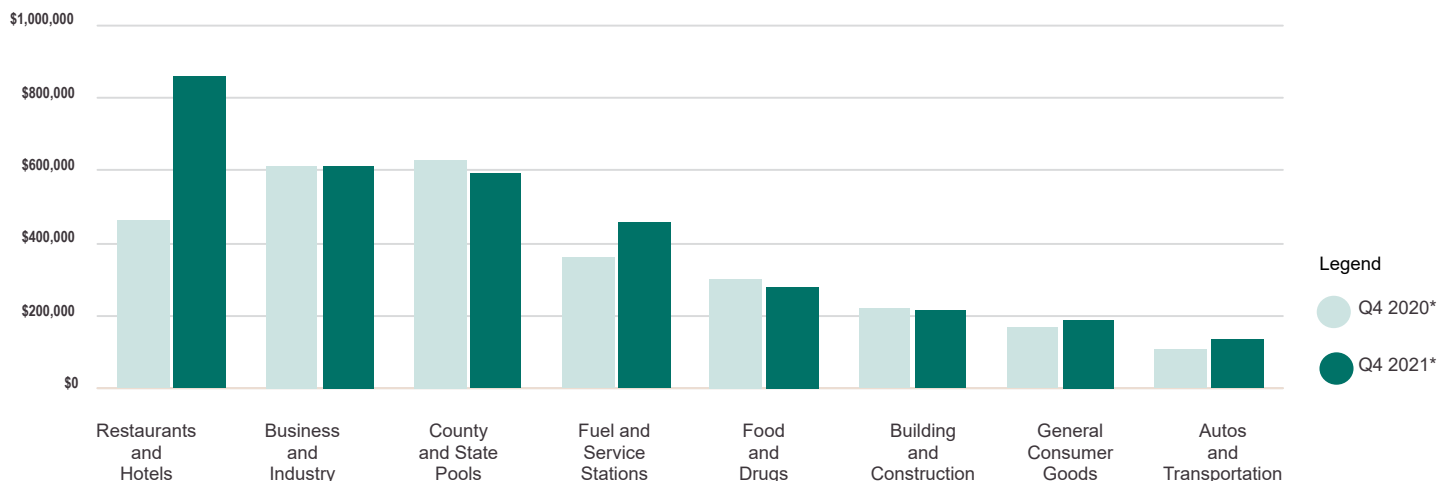
16.6%
COUNTY UNINC. ↑

12.2%
COUNTY ↑

15.6%
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 27.3% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 16.6%.

The unincorporated area benefited from the strong rebound in the hospitality industry; the hotels/motels groups posted gains of 124% as pent up demand for recreational travel fills the rooms and the leisure/entertainment group grew 129%, both groups have surpassed the pre-pandemic levels.

Rising menu prices and the strong desire to dine out contributed to the growth in restaurants, and the growth further increased by the capacity restrictions in the comparable quarter; casual dining restaurants grew 37%.

Service station growth was boosted by

the sky high prices at the pumps. General consumer goods also benefited from high prices as well as strong spending power and the desire to experience in-store shopping.

Business-industry results were low due to a reporting anomaly; the group otherwise would have posted gains.

The use tax allocated to the pool also decreased, resulting in a 4.1% decline in the county's allocation.

Net of aberrations, taxable sales for all of Monterey County grew 12.2% over the comparable time period; the Central Coast region was up 11.6%.



TOP 25 PRODUCERS

- 7 Eleven
- Bernardus Lodge
- C & N Tractors
- Carmel Valley Ranch
- Chevron
- Core & Main
- CVS Pharmacy
- Driscoll's
- Gooding & Company
- Irrigation Design & Construction
- Kristich Monterey Concrete Pipe
- Monterey Fuel
- Monterey Peninsula Country Club
- Nepenthe
- Pacific Ag Rentals
- Pebble Beach Resorts
- Phil's Fish Market
- R & S Supply
- Rinaldi Tile & Marble
- Royal Oaks Valero
- Safeway
- Shell
- Sturdy Oil Company
- Valero
- Ventana Big Sur



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of October through December were 15% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women's apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

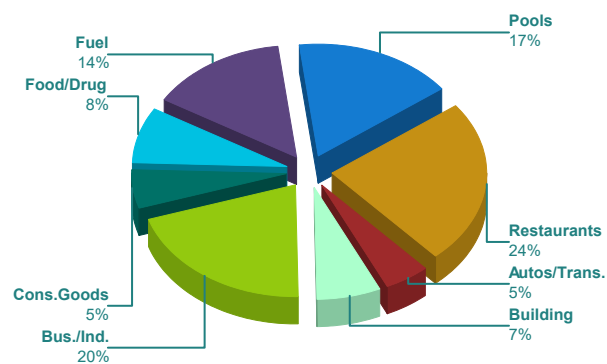
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State's history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia's war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

REVENUE BY BUSINESS GROUP Monterey Co. Uninc This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q4 '21*	Change	County Change	HdL State Change
Hotels/Motels	508.7	124.2% ↑	159.4% ↑	228.2% ↑
Service Stations	340.0	14.1% ↑	41.1% ↑	53.8% ↑
Casual Dining	177.4	37.0% ↑	64.9% ↑	66.4% ↑
Contractors	142.3	3.9% ↑	1.5% ↑	5.3% ↑
Grocery Stores	131.7	-9.5% ↓	-1.4% ↓	0.6% ↑
Garden/Agricultural Supplies	128.4	-0.4% ↓	7.1% ↑	5.7% ↑
Repair Shop/Equip. Rentals	114.4	21.4% ↑	7.7% ↑	5.5% ↑
Petroleum Prod/Equipment	110.5	87.2% ↑	4.5% ↑	66.7% ↑
Leisure/Entertainment	104.4	129.9% ↑	207.2% ↑	219.6% ↑
Warehse/Farm/Const. Equip.	79.2	-47.6% ↓	-25.2% ↓	-2.7% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars