

MONTEREY COUNTY UNINC.

SALES TAX UPDATE

1Q 2022 (JANUARY - MARCH)



MONTEREY COUNTY

TOTAL: \$ 3,344,849

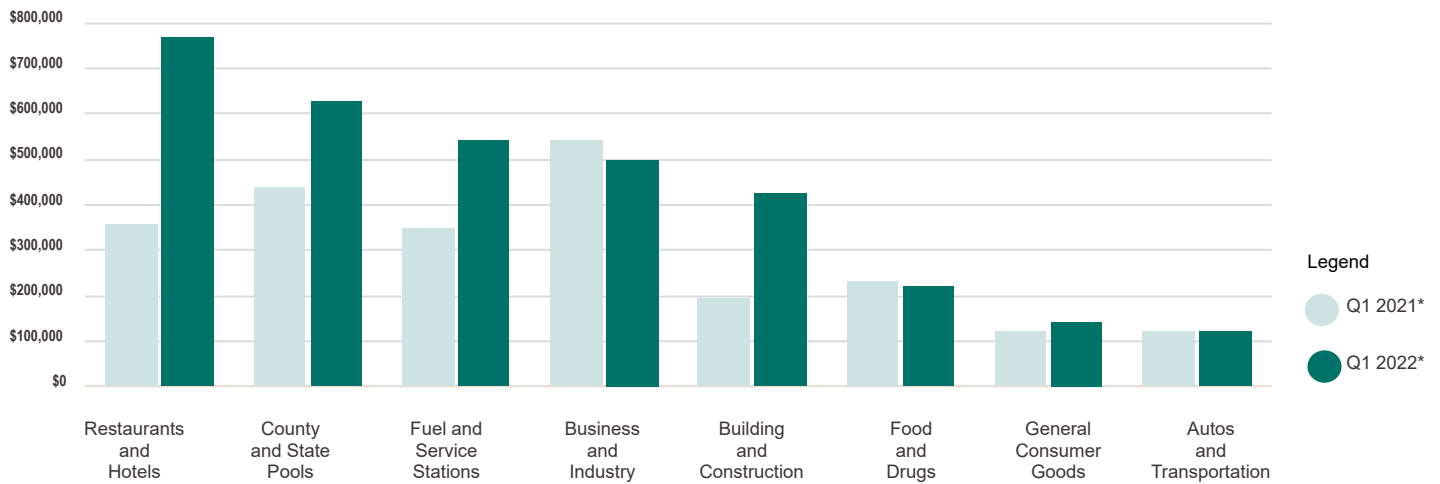
41.8%
COUNTY UNINC. ↑

18.1%
COUNTY ↑

17.1%
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 69.1% above the first sales period in 2021. A late payment for the prior quarter totaling \$442,000 is included in that statistic. Excluding that amount and other reporting adjustments, receipts for the period were up 41.8%.

Aided by inflation, total receipts for this fiscal year will exceed those of the 2018-19 fiscal year, which is the period before the pandemic struck. Spending by both the general public and businesses continued without regard for the media's constant warning that a recession looms in the future.

Construction activity, especially for infrastructure projects, rose and generated a large, one-time sale while inflation boosted sales totals for material suppliers. Rising fuel prices are helping

bring the gas station group's sales volume back to pre-pandemic levels. As a group, restaurants and hotels should return to pre-pandemic sales levels by the end of the 21/22 fiscal year.

General consumer goods sales continued to rise steadily while the county's share of the use tax pool rose 5%, increasing the allocation by nearly \$182,000.

Spending on transportation needs dipped this quarter as used car sales activity gave up much of the 47% gain posted at this time last year. Business-industry results reflect a large taxpayer's missing payment as they sort out reporting problems.

Net of adjustments, taxable sales for all of Monterey County grew 18.1% over the comparable time period while those of the Central Coast region were up 15.1%.



TOP 25 PRODUCERS

- 7 Eleven
- ABC Supply Co
- Assured Aggregates
- Atkinson Industries
- C & N Tractors
- Carmel Valley Ranch
- Chevron
- Core & Main
- CVS Pharmacy
- Gulfeagle Supply
- Irrigation Design & Construction
- Kristich Monterey Concrete Pipe
- Monterey Fuel Company
- Monterey Peninsula Country Club
- Nepenthe
- Pacific Ag Rentals
- Pebble Beach Resorts
- Phil's Fish Market
- Prundale Valero/ferm's Service
- Royal Oaks Valero
- Safeway
- Shell
- Stout Industrial Technology
- Sturdy Oil Company
- Valero



STATEWIDE RESULTS

California’s local one-cent sales and use tax for sales occurring January through March was 17% higher than the same quarter one year ago, after adjusting for accounting anomalies and onetime payments from previous quarters. By all accounts, the California retail economy continues roaring along. Even with instability in the stock market, the crisis in Ukraine pushing up the global price of crude oil and the U.S. Federal Reserve Board beginning to tackle inflation with a series of rate increases, consumer spending continued at a strong pace.

The invasion of Ukraine by Russian military forces on February 24 had an immediate upward impact on the global price of crude oil due to fears of supply shortages. Subsequently this has caused a dramatic jump to California consumer gas and diesel prices at a time when many in the workforce were commuting back into offices, also contributing to an overall increase in consumption. As expected, fuel and service station receipts increased 47% over last year and show no signs of pulling back with summer travel right around the corner.

Sales of new and used vehicles continue to be robust causing the autos and transportation sector to jump 15% for the period. Inventory shortages by some dealers may have caused buyers to experience a Fear Of Missing Out (FOMO) and pay elevated prices while interest rates remained lower. Automotive brands that have committed to full electric or hybrid models are attractive with consumers, especially given the sudden rise in fuel prices.

Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning to normal and headwinds from inflation and higher cost goods haven’t yet slowed consumer demand. The stellar returns

were largely driven by discount department stores, especially those selling gas.

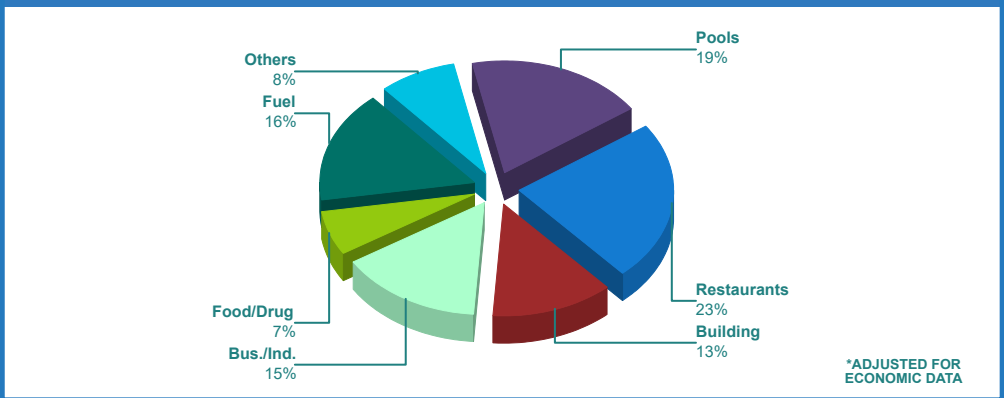
These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the summer tourism and travel season approaching, the industry is positioned to maintain post-pandemic growth and remain positive through 2022.

Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over

the comparison period. Shoppers bought a range of merchandise and spending by businesses on capital equipment remained sensational.

The first quarter sales period contributed to an already strong 2021-22 fiscal year for most municipalities statewide. However, continued inflationary pressure, soaring interest rates and record gas prices may soften growth going into 2022-23.

REVENUE BY BUSINESS GROUP
Monterey Co. Uninc This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q1 '22*	Change	County Change	HdL State Change
Hotels/Motels	459.9	202.2% ↑	224.8% ↑	244.1% ↑
Service Stations	428.7	44.9% ↑	45.4% ↑	43.4% ↑
Contractors	362.9	203.3% ↑	70.1% ↑	20.5% ↑
Casual Dining	171.1	52.6% ↑	59.4% ↑	55.7% ↑
Garden/Agricultural Supplies	111.1	-6.8% ↓	8.6% ↑	2.6% ↑
Petroleum Prod/Equipment	101.0	125.9% ↑	81.6% ↑	73.3% ↑
Warehse/Farm/Const. Equip.	95.4	-29.6% ↓	-5.7% ↓	15.6% ↑
Grocery Stores	94.6	-13.4% ↓	-0.2% ↓	3.3% ↑
Leisure/Entertainment	64.9	83.9% ↑	192.7% ↑	198.4% ↑
Building Materials	59.8	-10.3% ↓	6.8% ↑	7.6% ↑

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