

MONTEREY COUNTY UNINC.

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



MONTEREY COUNTY

TOTAL: \$ 4,546,594

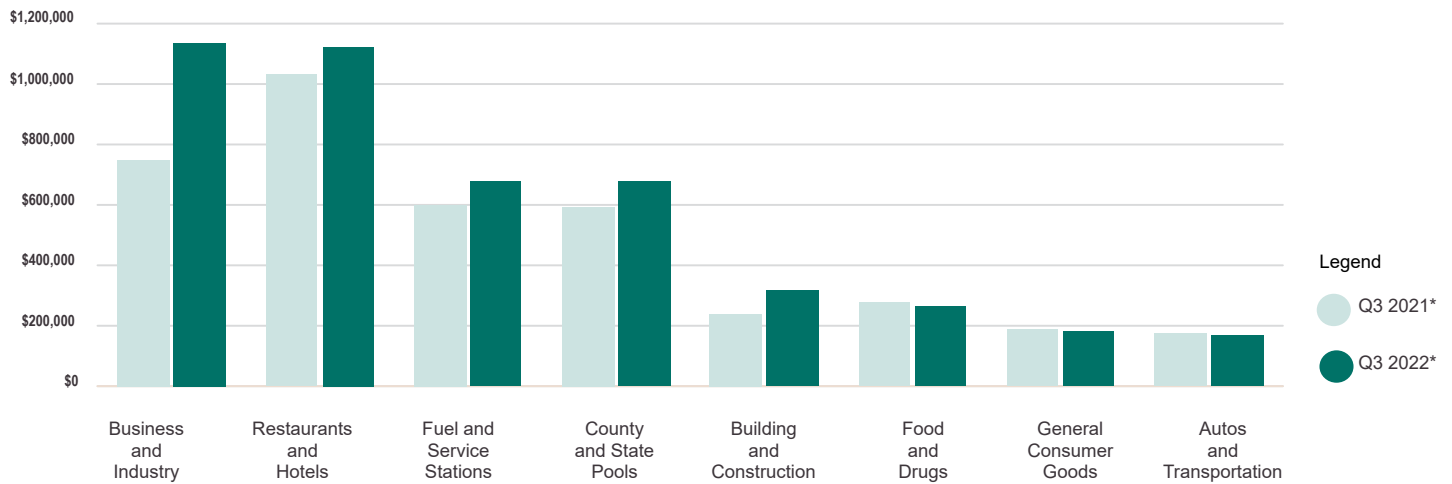
17.9%
COUNTY UNINC. ↑

8.3%
COUNTY ↑

8.0%
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 July through September were 20.5% above the third sales period in 2021. Excluding reporting aberrations, actual sales were up 17.9%.

The business-industry group saw outstanding growth by posting 51.5% returns, which is considerably higher than the 9.6% statewide. This was driven by garden/agriculture supplies, warehouse/farm/construction equipment and energy/utilities. In addition, the building-construction industry saw excellent growth from contractors during this period.

As people slowly return back to their workplace and travel, services stations continue to see exceptional returns while gas prices remain moderately high. Also, the County's restaurants-hotels saw strong revenue returns. This in turn naturally created an interest for consumers to eat out which lead to solid

profits for quick service restaurants.

The state-county pools, which is the County's fourth largest income group, had strong collections posting 13.6% returns which was driven by the growth in the business-industry as well as the building-construction supply groups.

General consumer goods sales continue to soften as customers slowly adjust to inflation cost related to food and gas prices which has affected several businesses in this category for the exception of art-gifts-novelty which performed well. In addition, the food-drug sector also felt the pinch for the same reasons as the general consumer goods shops especially for the cannabis retail outlets.

Net of aberrations, taxable sales for all of Monterey County grew 8.3% over the comparable time period; the Central Coast region was up 7.2%.



TOP 25 PRODUCERS

- 7 Eleven
- Associated Rebar
- Bernardus Lodge
- C & N Tractors
- Carmel Valley Ranch
- Chevron
- Core & Main
- Dune Company of Salinas
- Gooding & Company
- Helena Agri-Enterprises
- Kristich Monterey Concrete Pipe
- Monterey Peninsula Country Club
- Nepenthe
- Pacific Ag Rentals
- Pebble Beach Resorts
- Power Electronics
- Prundale Valero/farm's Service
- Rdo Contruction Equipment Co
- Royal Oaks Valero
- Safeway
- Shell
- Sturdy Oil Company
- Valero
- Ventana Big Sur
- Wilbur Ellis



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

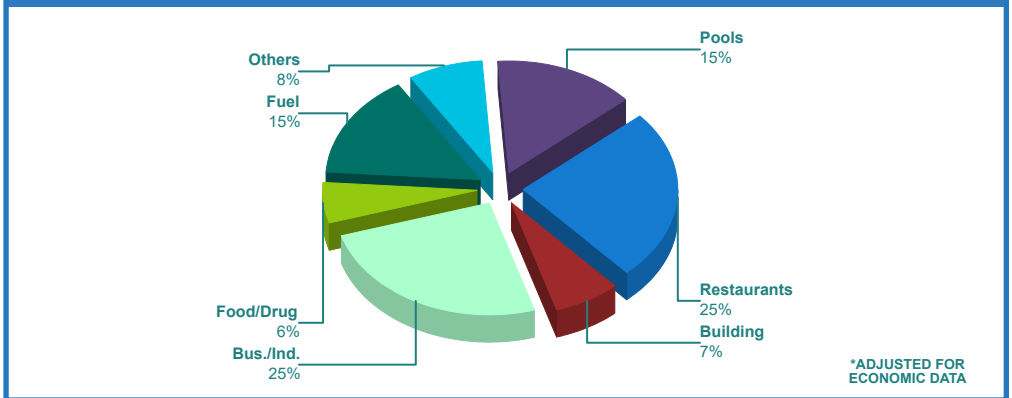
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

REVENUE BY BUSINESS GROUP
Monterey Co. Uninc This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q3 '22*	Change	County Change	HdL State Change
Hotels/Motels	702.2	14.6% ↑	18.4% ↑	43.8% ↑
Service Stations	518.0	16.3% ↑	22.4% ↑	18.5% ↑
Warehse/Farm/Const. Equip.	362.8	303.2% ↑	68.5% ↑	7.9% ↑
Garden/Agricultural Supplies	257.7	-2.5% ↓	8.5% ↑	-2.1% ↓
Contractors	229.4	47.6% ↑	21.0% ↑	15.5% ↑
Casual Dining	229.0	2.0% ↑	5.2% ↑	10.1% ↑
Petroleum Prod/Equipment	151.3	4.6% ↑	3.5% ↑	41.2% ↑
Leisure/Entertainment	126.9	11.1% ↑	18.9% ↑	23.7% ↑
Grocery Stores	123.6	2.8% ↑	4.7% ↑	3.0% ↑
Building Materials	88.4	10.5% ↑	2.3% ↑	2.8% ↑

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