

# MONTEREY COUNTY UNINC.

## SALES TAX UPDATE

### 4Q 2022 (OCTOBER - DECEMBER)



#### MONTEREY COUNTY

TOTAL: \$ 4,116,154

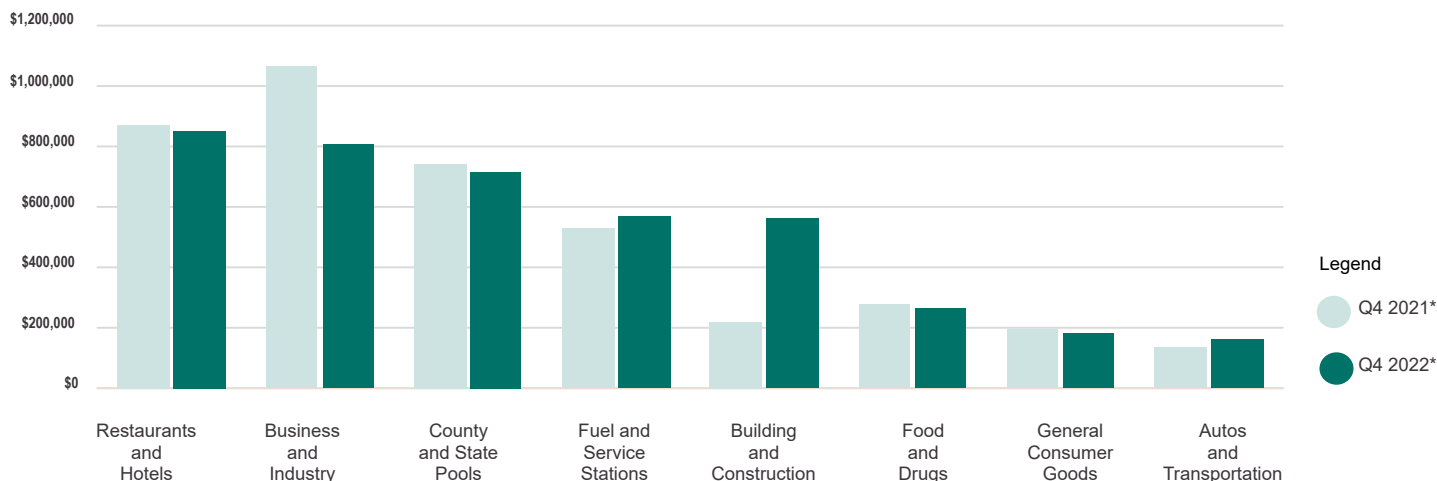
1.9%  
COUNTY UNINC.

0.1%  
COUNTY

4.7%  
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 23.3% above the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 1.9%.

After seven straight quarters of strong increases, the sales tax base is showing signs of gradual slow-down. This is to be expected since much of the prior buildup came from consumer behavior that is not sustainable, especially in light of growing inflation. That is not to say that the sales tax base is going to recede, it is more likely going to continue growing, but at a much slower pace.

Restaurant-hotels posted slight declines; foot traffic started slowing for some businesses in hotels, leisure and casual dining, while the gains in quick-service restaurants lessened the

decline. Contractors were up due to a large, one-time spike, while a one-time spike in the comparable quarter brought the energy-utilities group down. Service stations posted gains because prices were still high during this quarter.

The pool was also down due a large, one-time spike in the comparable quarter; the unincorporated area's boost in point of sale increased the portion of the pool, which lessened the decline.

Net of aberrations, taxable sales for all of Monterey County were flat over the comparable time period; the Central Coast region was up 1.4%.



#### TOP 25 PRODUCERS

- 7 Eleven
- Associated Rebar
- Atkinson Industries
- C & N Tractors
- Carmel Valley Ranch
- Chevron
- Core & Main
- CVS Pharmacy
- Dashiell Corporation
- Farm Credit Leasing Services Corp
- Gonzales Shell
- Irrigation Design & Construction
- Kristich Monterey Concrete Pipe
- Monterey Peninsula Country Club
- Nepenthe
- Pacific Ag Rentals
- Pebble Beach Resorts
- Power Electronics
- Prundale Valero/ferm's Service
- Royal Oaks Valero
- Safeway
- San Benito Supply
- Shell
- Sturdy Oil Company
- 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 4.7% 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, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing its greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-construction sector.

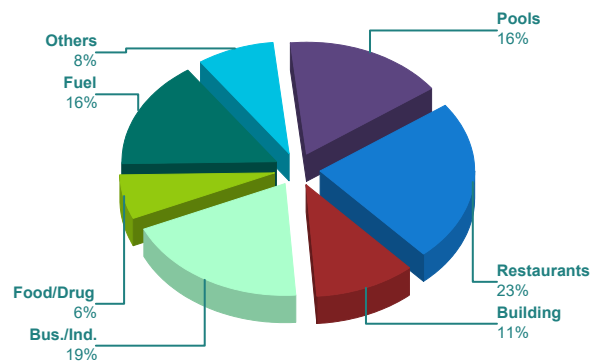
With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency's coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller's payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California's taxable sales in the months ahead.

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



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q4 '22*	Change	County Change	HdL State Change
Hotels/Motels	509.5	-0.4% ↓	2.6% ↑	30.2% ↑
Contractors	476.6	235.0% ↑	89.9% ↑	11.7% ↑
Service Stations	438.3	7.7% ↑	10.8% ↑	7.5% ↑
Casual Dining	181.8	0.0% ↑	1.1% ↑	8.1% ↑
Grocery Stores	135.8	2.5% ↑	6.9% ↑	6.2% ↑
Garden/Agricultural Supplies	134.2	11.4% ↑	4.7% ↑	-5.6% ↓
Petroleum Prod/Equipment	120.3	8.9% ↑	14.8% ↑	27.8% ↑
Leisure/Entertainment	103.8	-0.6% ↓	11.4% ↑	13.9% ↑
Repair Shop/Equip. Rentals	95.8	-16.4% ↓	-4.5% ↓	4.0% ↑
Building Materials	80.0	7.3% ↑	2.6% ↑	2.1% ↑

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\*In thousands of dollars