

MONTEREY COUNTY UNINC.

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



MONTEREY COUNTY

TOTAL: \$ 4,068,189

-3.6%

COUNTY UNINC.



-3.7%

COUNTY



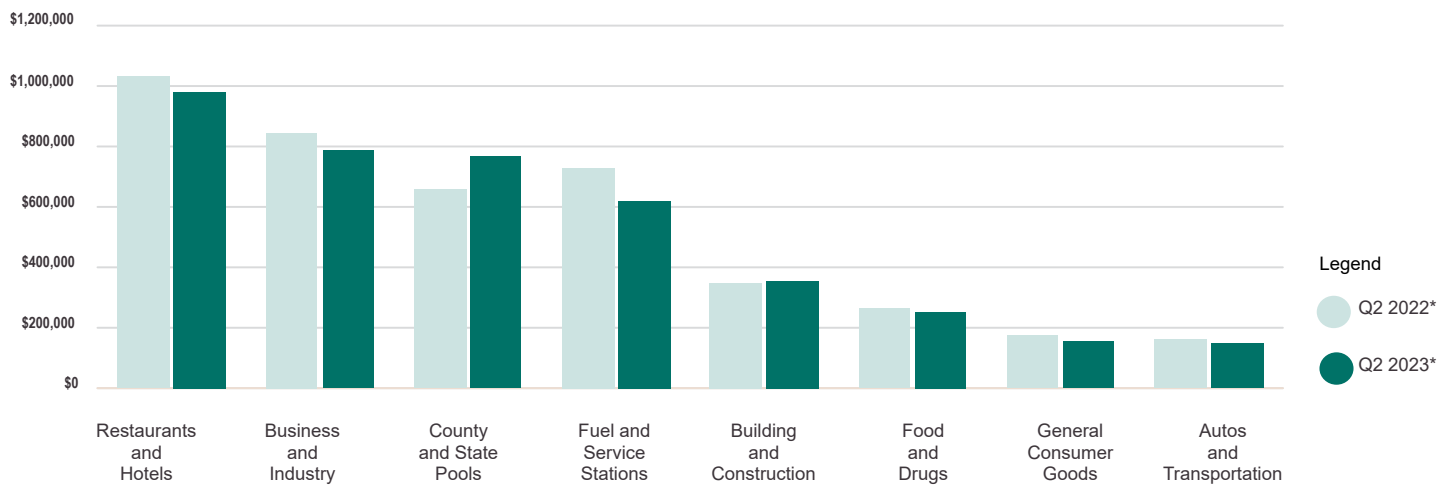
-3.0%

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 April through June were 28.3% above the second sales period in 2022. Excluding reporting aberrations, actual sales were down 3.6%.

The restaurant-hotels experienced discouraging results as consumers make price sensitive decisions to eat more at quick-service establishments rather than casual dining. The business-industry group had dismal revenues from warehouse-farm, construction equipment and food service equipment-supply vendors.

Falling fuel-petroleum prices that peaked in the second quarter of 2022 have begun to compress services station profits. The food-drug category had meager proceeds at convenience-liquor stores, as shoppers look to discount stores for better bargains.

General consumer goods saw weak gross receipts at specialty stores as customers have some hesitancy about the direction the economy is going. Furthermore, the autos-transportation group experienced negative returns especially from used car dealers as buyers find it more challenging to finance vehicles with high interest rates.

State-county pools the County's third largest income category was excellent with a 17% return boosted by pool revenue sales in the business-industry sector.

Net of aberrations, taxable sales for all of Monterey County declined 3.7% over the comparable time period; the Central Coast region was down 1.7%.



TOP 25 PRODUCERS

7 Eleven
 ABC Supply Co
 Assured Aggregates
 Atkinson Industries
 Bernardus Lodge
 C & N Tractors
 Carmel Valley Ranch
 Chevron
 Core & Main
 Dune Company of Salinas
 Gonzales Shell
 Helena Agri-Enterprises
 Kristich Monterey Concrete Pipe
 Mission Ranch
 Nepenthe
 Pacific Ag Rentals
 Pebble Beach Resorts

Prundale Valero/ferm's Service
 Royal Oaks Valero
 Safeway
 Shell
 Siemens Westinghouse Power
 Sturdy Oil Company
 Ventana Big Sur
 Wilbur Ellis



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from auto-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

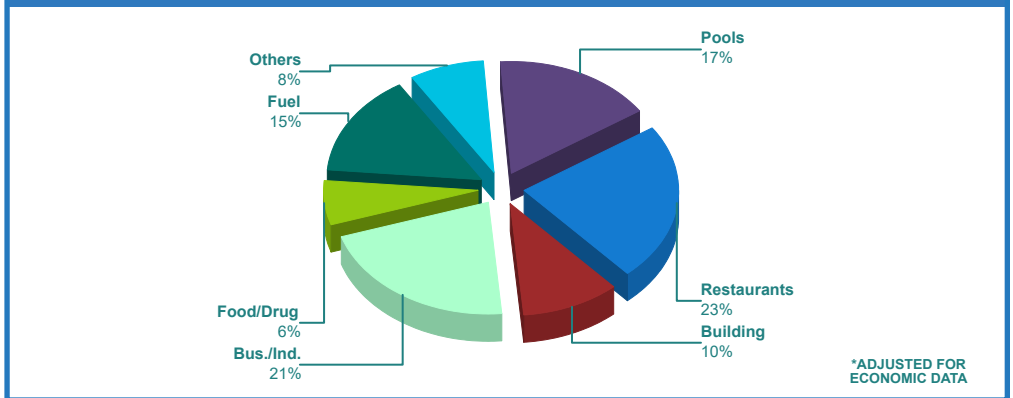
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q2 '23*	Change	County Change	HdL State Change
Hotels/Motels	601.0	-2.0% ↓	-4.9% ↓	1.3% ↑
Service Stations	441.7	-16.5% ↓	-17.4% ↓	-19.9% ↓
Contractors	258.5	-3.0% ↓	-5.0% ↓	-2.8% ↓
Garden/Agricultural Supplies	253.4	9.8% ↑	1.0% ↑	-2.7% ↓
Casual Dining	204.1	-4.2% ↓	1.2% ↑	4.5% ↑
Petroleum Prod/Equipment	166.4	-12.0% ↓	-3.1% ↓	-25.3% ↓
Grocery Stores	121.6	2.6% ↑	5.2% ↑	2.9% ↑
Leisure/Entertainment	110.8	-9.7% ↓	-3.9% ↓	2.9% ↑
Warehse/Farm/Const. Equip.	94.7	-50.8% ↓	-13.0% ↓	8.8% ↑
Building Materials	94.0	13.2% ↑	-2.5% ↓	-7.8% ↓

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