

MONTEREY COUNTY UNINC.

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



MONTEREY COUNTY

TOTAL: \$ 4,470,169

-2.7%

COUNTY UNINC.



-0.4%

COUNTY



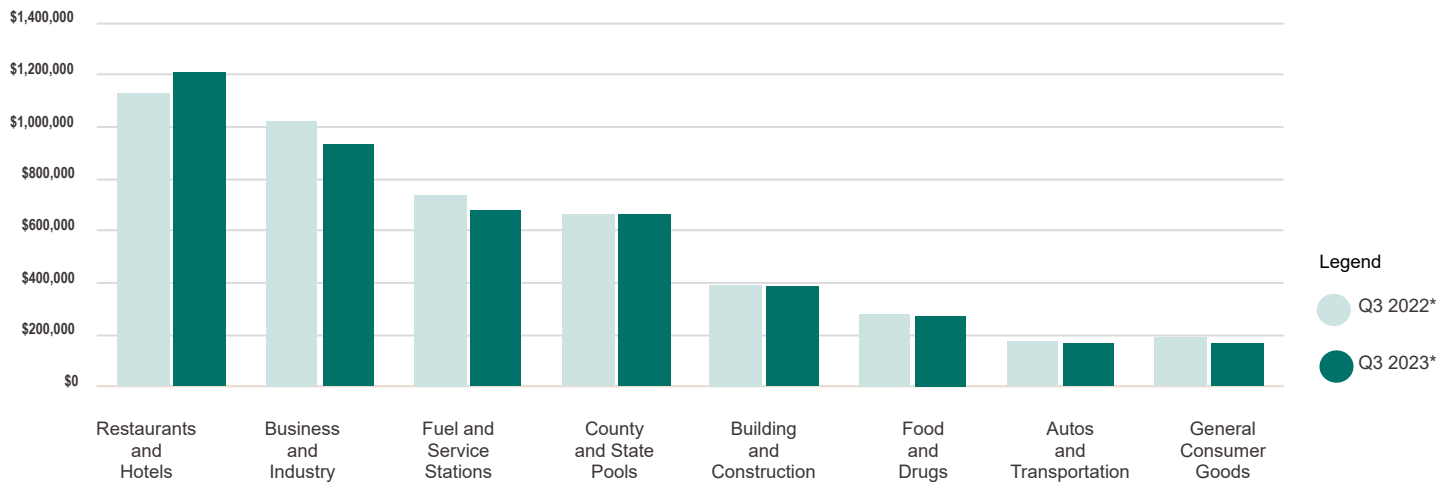
-1.7%

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 July through September were 5.4% below the third sales period in 2022. Excluding reporting aberrations, actual sales were down 2.7%.

Fuel-services stations were down as prices of fuel fell; a reporting anomaly is inflating results that would otherwise be down further. The agricultural categories of business-industry were down and one-time allocations in the comparable quarter in the energy sector furthered the declines while equipment rentals and food service equipment gains helped to lessen decline for the group.

Building-construction saw declines in contractors due to some spikes in the comparable quarter. Cannabis stores declined while grocery store increases could be attributed to high prices on taxable goods.

Hidden by those declines were positive results in the restaurant-hotel group. Hotels were up 10% as room rates remain high and foot traffic continues to inch up and leisure-entertainment was up while casual dining was slightly up.

Receipts to the countywide pool rose, but the county's allocation fell with reporting anomalies in other agencies causing an increase that city's share of the pool.

Net of aberrations, taxable sales for all of Monterey County declined 0.4% over the comparable time period; the Central Coast region was flat.



TOP 25 PRODUCERS

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

Prundale Valero/ferm's Service
RDO Equipment Co.
Royal Oaks Valero
Safeway
Shell
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 July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

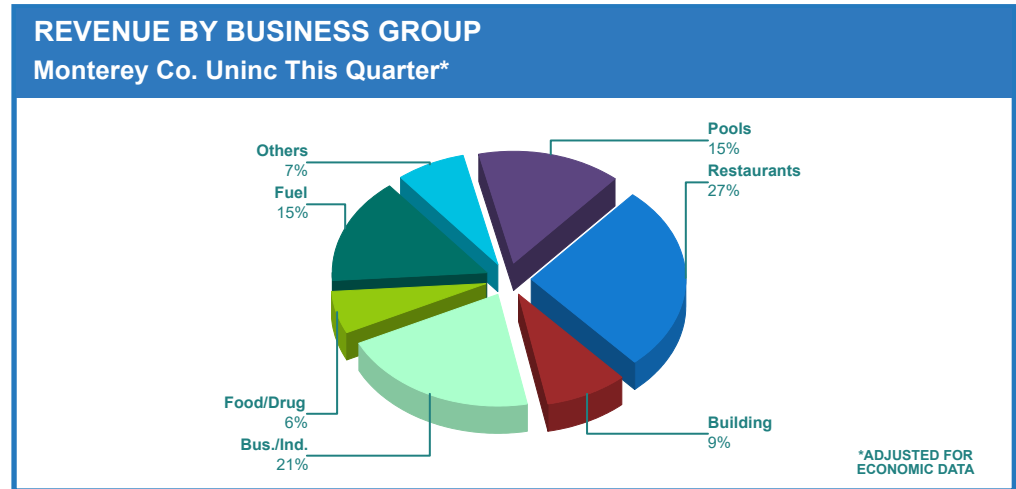
Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for ‘fast food restaurants’.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q3 '23*	Change	County Change	HdL State Change
Hotels/Motels	772.9	10.1% ↑	4.4% ↑	0.8% ↑
Service Stations	483.0	-10.5% ↓	-7.5% ↓	-7.3% ↓
Garden/Agricultural Supplies	305.9	-1.6% ↓	-6.9% ↓	1.9% ↑
Contractors	287.3	-5.0% ↓	1.8% ↑	-1.1% ↓
Casual Dining	234.3	0.4% ↑	3.2% ↑	2.8% ↑
Warehse/Farm/Const. Equip.	191.3	-0.8% ↓	11.2% ↑	-2.8% ↓
Petroleum Prod/Equipment	189.1	-1.2% ↓	-0.3% ↓	-11.8% ↓
Leisure/Entertainment	136.1	7.0% ↑	3.6% ↑	8.1% ↑
Grocery Stores	131.2	5.7% ↑	5.5% ↑	2.3% ↑
Repair Shop/Equip. Rentals	99.3	26.2% ↑	10.8% ↑	-5.3% ↓

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