

# MONTEREY COUNTY UNINC.

## SALES TAX UPDATE

### 4Q 2023 (OCTOBER - DECEMBER)



#### MONTEREY COUNTY

TOTAL: \$ 3,575,739

-16.0%  
COUNTY UNINC.



-2.7%  
COUNTY

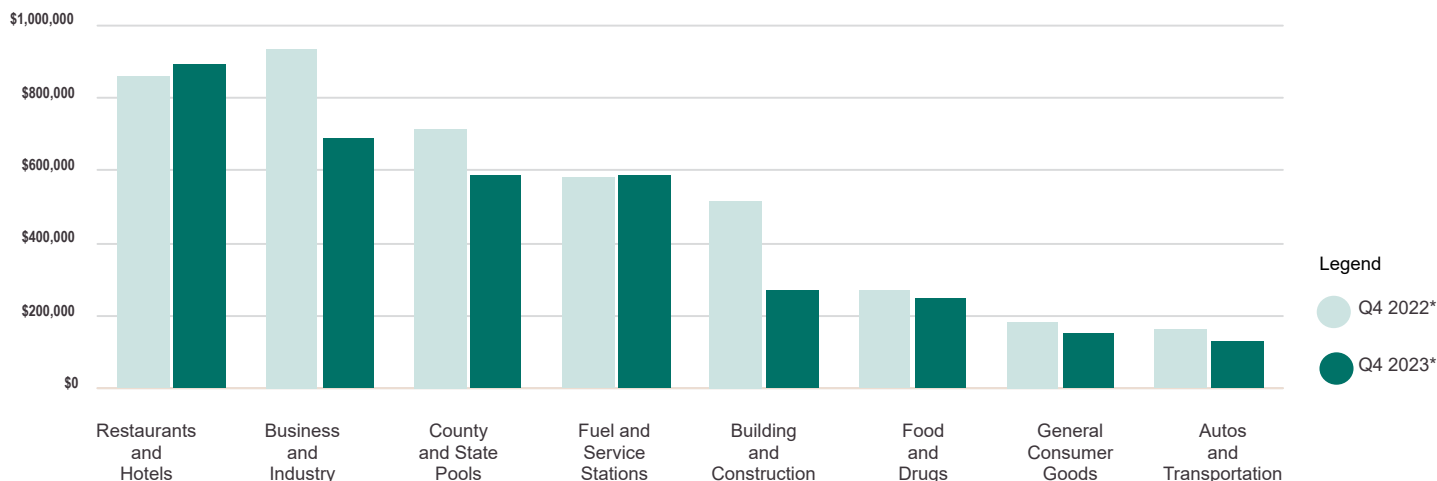


-2.5%  
STATE



*\*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 23.6% below the fourth sales period in 2022. Excluding reporting aberrations, comparable receipts were down 16.0%.

Reporting aberrations last year included the recovery of several payments, which boosted the construction group's total. In addition, that group and the business-industry group benefitted from the use tax generated by several utility plant upgrade projects underway last year. Those projects are now complete.

The auto and transportation group's results were also negatively skewed by a one-time transaction posted with last year's activity. Results for this group, which has car rental activity as its largest component, were flat when the prior year anomaly is discounted.

The gain in total receipts last year increased the county's share of the use tax pool, giving it a larger payout from the pool. Without similar growth this period, the pool share returned to its average level, lowering the allocation paid from the pool this period.

The bright spot this quarter was the fact that hotel/motel, golf course, and special event venues reported strong gains in taxable sales this period. Receipts from fuel sales grew slightly from the re-opening of a station and that was enough to overcome the decline fostered by the declining prices seen for much of the period.

Net of aberrations, taxable sales for all of Monterey County declined 2.7% over the comparable period while those of the Central Coast region were down 1.4%.



#### TOP 25 PRODUCERS

- |                                 |                                |
|---------------------------------|--------------------------------|
| 7 Eleven                        | Pebble Beach Resorts           |
| ABC Supply Co                   | Prundale Valero/ferm's Service |
| Assured Aggregates              | RDO Equipment Co.              |
| Avfuel                          | Royal Oaks Valero              |
| C&N Tractors                    | Safeway                        |
| Carmel Valley Ranch             | Shell                          |
| Chevron                         | Sturdy Oil Company             |
| Core & Main                     | Ventana Big Sur                |
| CVS Pharmacy                    |                                |
| Gonzales Shell                  |                                |
| Granite Construction            |                                |
| Gulfeagle Supply                |                                |
| Kristich Monterey Concrete Pipe |                                |
| Monterey Fuel Company           |                                |
| Monterey Peninsula Country Club |                                |
| Nepenthe                        |                                |
| Pacific Ag Rentals              |                                |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women’s apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

Even though revenue from most major

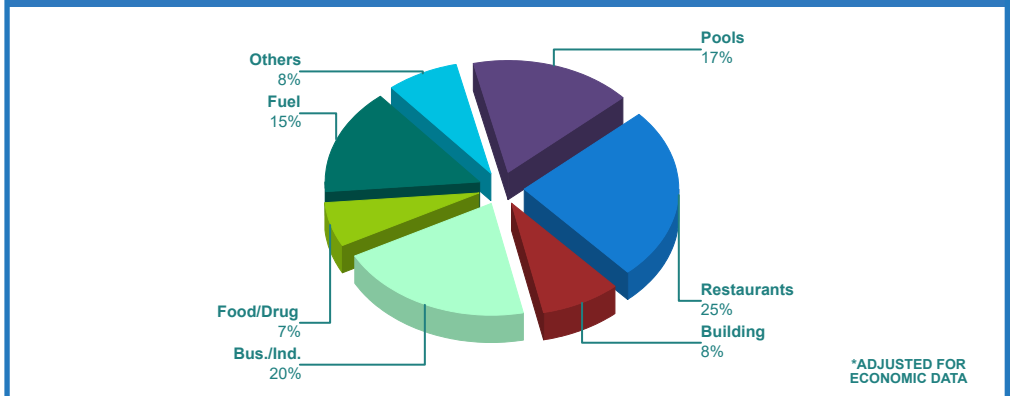
sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for ‘fast food restaurants’, on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady, pool collections contracted with more taxes allocated directly to local agencies via in-state fulfillment and through

existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.

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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q4 '23*	Change	County Change	HdL State Change
Hotels/Motels	535.2	4.6% ↑	3.7% ↑	0.9% ↑
Service Stations	440.1	0.7% ↑	-2.3% ↓	-4.9% ↓
Contractors	185.2	-57.5% ↓	-29.4% ↓	1.3% ↑
Casual Dining	182.5	-2.0% ↓	0.4% ↑	1.8% ↑
Warehse/Farm/Const. Equip.	162.5	-27.4% ↓	-4.1% ↓	1.9% ↑
Petroleum Prod/Equipment	134.6	1.6% ↑	0.6% ↑	-9.5% ↓
Grocery Stores	123.6	-9.0% ↓	-1.9% ↓	-4.6% ↓
Leisure/Entertainment	121.6	17.1% ↑	6.9% ↑	-0.6% ↓
Repair Shop/Equip. Rentals	118.7	23.9% ↑	8.1% ↑	-7.3% ↓
Garden/Agricultural Supplies	118.5	-2.3% ↓	-4.0% ↓	-4.0% ↓

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