

MONTEREY COUNTY UNINC.

SALES TAX UPDATE

1Q 2024 (JANUARY - MARCH)



MONTEREY COUNTY

TOTAL: \$ 2,986,782

-6.7%

COUNTY UNINC.



0.7%

COUNTY



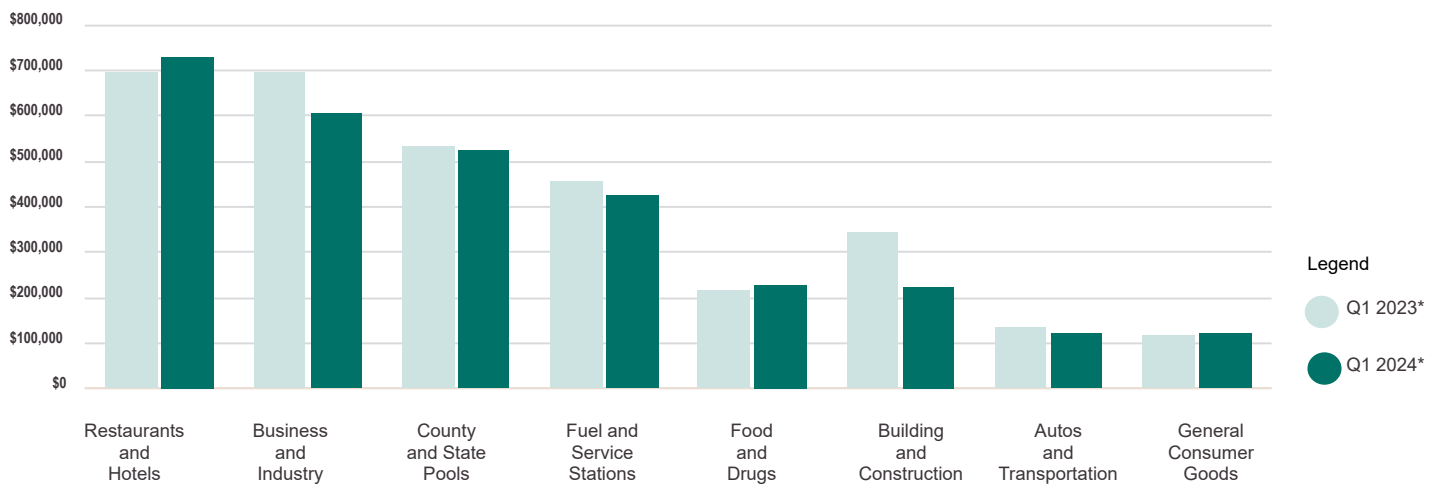
-0.3%

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 January through March were 0.6% below the first sales period in 2023. Excluding reporting aberrations, actual sales were down 6.7%.

The business-industry group had weak revenues, from repair shops-equipment rentals along with other negative business activity as companies delay replacing equipment until financing becomes more favorable. State-county pools the County's third largest income category had meager gains with a -1.1% return resulting from several of the major categories underperforming.

Fuel-service stations experienced weak returns at the pumps as increase fuel supply stabilizes, while advantages to consumers, is challenging for sales tax revenue due to the declining demand across California. Building-construction gross receipts were dismal, as contractors saw less demand for

their services. Likewise, the autos-transportation group had negative returns from transportation/rentals during this period.

The restaurant-hotel sector saw encouraging gains at quick service establishments primarily due to higher menu prices that businesses implemented in preparation for the increased minimum wage requirement. In addition, the food-drug category saw positive proceeds at grocery stores while consumers shop for bargains. Furthermore, general consumer goods had optimistic proceeds at specialty stores driven by off-price concepts that saw a substantial increase in customer transactions.

Net of aberrations, taxable sales for all of Monterey County grew 0.7% over the comparable time period; the Central Coast region was up 2.2%.



TOP 25 PRODUCERS

- 7 Eleven
- Assured Aggregates
- C&N Tractors
- Carmel Valley Ranch
- Chevron
- Chevron
- Core & Main
- CVS Pharmacy
- Duke Energy
- Eco Gas Mart
- Gulfeagle Supply
- Helena Agri-Enterprises
- Kristich Monterey Concrete Pipe
- Monterey Peninsula Country Club
- Nepenthe
- Pacific Ag Rentals
- Pebble Beach Resorts
- RDO Equipment Co.
- Royal Oaks Valero
- Safeway
- Shell
- Sturdy Oil Company
- Valero
- Ventana Big Sur
- Wilbur Ellis



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of January through March were 0.2% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year first quarter is traditionally the lowest sales tax generating period; however, returns were more on par with the comparison period.

One of the only sectors continuing to display declines was auto-transportation. High interest rates created more expensive long-term financing costs. Combined with a dramatic cost of insurance coverage rate spike, this group declined 7.5%.

Fuel and service stations was the other sector with a drop over last year. As California drivers embark on summer travel, they’ll do so with slightly elevated gas prices versus 2023, probably yielding the final period of negative results for the category heading into 2025.

During this post-holiday shopping period, general consumer goods experienced a soft rebound with very modest 0.5% growth. Although retailers selling gas were hurt by fuel prices, it did not stop family apparel and department stores from lifting revenues.

Restaurant activity contributed constant growth of 2.1%. Only fine dining establishments remain hindered as more affordable menus are preferred. Also, it appears some eateries made operational changes while implementing AB 1228; however, there isn’t enough data

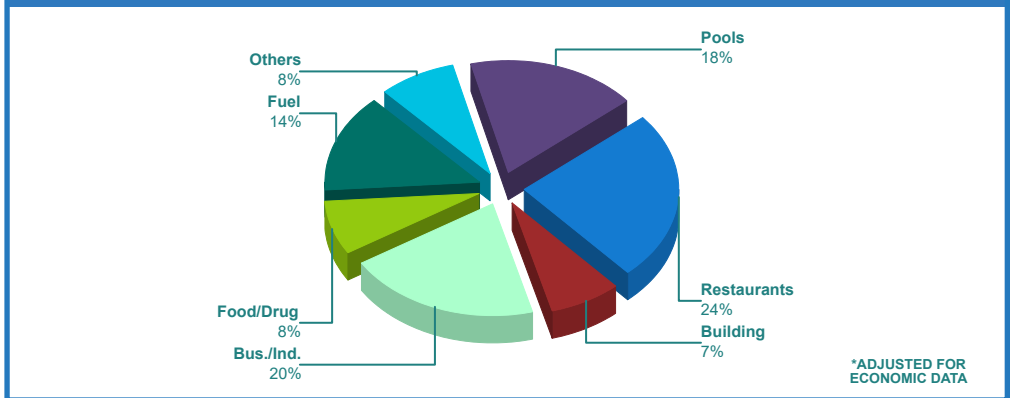
yet to understand if this new bill impacted revenue.

Seemingly dramatic one-time events helped boost business-industry, as investments in office supplies-furniture and energy projects were a significant reason for 3.6% gains this quarter. Additionally, strong fulfillment center direct payments demonstrated sustained logistical expansion. When coupled with improved returns via the countywide use tax pools, customers demonstrated e-commerce preferences for obtaining various goods. Overall

pool allocations improved 1.6%.

Statewide, 2024 begins in a more positive fashion compared to the recent trends of 2023. Buoyed 1st quarter results may signify ‘the floor’ helping ease tax revenue concerns while awaiting the next growth cycle. The Federal Reserve and their position with the Fed Funds Rate remains the most probable component between economic stagnation or spring-boarding consumer spending. Tourism and local travel in the coming summer period could further inspire confidence.

REVENUE BY BUSINESS GROUP
Monterey Co. Uninc This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q1 '24*	Change	County Change	HdL State Change
Hotels/Motels	447.0	3.1% ↑	2.4% ↑	2.6% ↑
Service Stations	332.3	-7.2% ↓	2.1% ↑	-0.8% ↓
Warehse/Farm/Const. Equip.	191.1	11.3% ↑	-10.3% ↓	-3.8% ↓
Casual Dining	164.8	8.3% ↑	5.8% ↑	2.3% ↑
Contractors	151.8	-45.3% ↓	-15.9% ↓	4.4% ↑
Grocery Stores	114.1	6.1% ↑	3.8% ↑	2.8% ↑
Garden/Agricultural Supplies	113.8	33.8% ↑	31.2% ↑	2.5% ↑
Petroleum Prod/Equipment	83.9	-2.5% ↓	-0.1% ↓	-8.8% ↓
Building Materials	69.9	6.2% ↑	-1.7% ↓	-0.7% ↓
Leisure/Entertainment	68.3	7.7% ↑	1.9% ↑	0.9% ↑

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