Monterey’s receipts from October through December were 39.2% below the fourth sales period in 2019. Excluding late/deferred payments and other reporting adjustments, actual receipts for the period were down 36.4%.

As the pandemic-economy continued to weigh heavily on Monterey businesses – especially the hospitality and restaurant segments – overall place of sale collections declined 40.4%. All of the major industry groups realized quarter over quarter decreases. This was the normal holiday shopping period, and general consumer retailers felt the strain of weak foot traffic and in-store buying. Restaurant and hotel receipts plummeted as the crisis curtailed travel activity and on-premises dining options. Similarly, the continued cutback in driving miles and lower gas prices pushed service station revenues down. A variety of business types contributed to business-industry losses, as well as a one-time audit adjustment. As overall sales tax receipts diminish, the City’s share of the countywide use tax dropped by 15.7%.

Measure P/S, also felt the pinch of the pandemic with a 28.9% revenue drop, with all industry groups posting losses compared to the prior year. This is the second full quarter of collection for the new voter-approved .5% transaction tax, Measure G.
The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County’s Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom’s second ‘shelter at home’ directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor’s executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

The building-construction sector, with 1) increased price of goods – like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.