CITY OF MONTEREY
SALES TAX UPDATE
2Q 2021 (APRIL - JUNE)

MONTEREY
TOTAL: $1,982,089

SALES TAX BY MAJOR BUSINESS GROUP

Restaurants and Hotels
General Consumer Goods
County and State Pools
Autos and Transportation
Fuel and Service Stations
Food and Drugs
Business and Industry
Building and Construction

SALES TAX UPDATE
CITY OF MONTEREY
2Q 2021 (APRIL - JUNE)

Monterey’s receipts from April through June were 96.8% above the second sales period in 2020. Excluding reporting adjustments, receipts for the period were up 98.3%.

These dramatic statistics compare against last year’s 55% plunge in sales when the pandemic shut down tourism and indoor dining.

The bounce back here and around the state has been impressive as the response to the lifting of Covid restrictions has generated an exponential jump in consumer spending across all business types without counting the effects that the surge in tourism is having on the area.

As the City’s receipt totals rose this quarter, so did the City’s share of the use tax pool which boosted the amount allocated from it this period.

Measures P&S and G also benefited from strong online sales and exponential growth in the volume of new and used cars registered to residents and local businesses.

Net of adjustments, taxable sales for all of Monterey County grew 36.2% over the comparable time period while those of the entire Central Coast region were up 35.3%.

CITY OF MONTEREY HIGHLIGHTS

TOP 25 PRODUCERS

7 Eleven
After The Quake
Alvarado Street Brewery & Grill
Apple
AT&T Mobility
Bubba Gump Shrimp
Chevron
CVS Pharmacy
Del Monte 76
Edges Electrical Group
El Torito
Fish Hopper
Lalla Grill
M & S Building Supply
Macy’s
Mercedes Benz of Monterey
Mobil Station
Monterey Bay Aquarium
Monterey Plaza
Old Fishermans Grotto
Rosine’s
Scales
Trader Joe’s
Whole Foods Market
STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California’s recovery, we’ve seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.