CITY OF MONTEREY
SALES TAX UPDATE
4Q 2021 (OCTOBER - DECEMBER)

MONTEREY
TOTAL: $2,194,297
4Q2021: 41.7% 
COUNTY: 12.2% 
STATE: 15.6% 

*Allocation aberrations have been adjusted to reflect sales activity

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

Legend
Q4 2020*
Q4 2021*

Measures S&P
TOTAL: $2,811,866
4Q 2021: 37.0%

Measures G
TOTAL: $1,405,540
4Q 2021: 37.8%

CITY OF MONTEREY HIGHLIGHTS

Monterey’s receipts from October through December were 51.5% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 41.7%.

Rising menu prices, the strong desire to dine out and an increase in foot traffic contributed to the growth in restaurants, and the growth further increased by the capacity restrictions in the comparable quarter; casual dining grew 85% while fine dining grew 117%. Hotels/motels posted significant gains, up 600%, but are still about 20% below pre-pandemic levels.

General consumer goods saw a strong recovery with growth of 27.7%; almost all categories posted gains except home furnishings.

The use tax pool declined but the City’s portion of the pool grew due to the large increase in point of sale; the City’s allocation was up 11%.

Voter approved Measures G and S&P also grew due to the above but the growth was furthered by new vehicle purchases.

Net of aberrations, taxable sales for all of Monterey County grew 12.2% over the comparable time period; the Central Coast region was up 11.6%.

TOP 25 PRODUCERS

After The Quake
Alvarado Street Brewery & Grill
Apple
Chart House
Chevron
CVS Pharmacy
Del Monte 76
Edges Electrical Group
Fish Hopper
Hyatt Monterey
Intercontinental
Lalla Grill
Macy’s
Mercedes Benz of Monterey

Mobil Station
Monterey Bay Aquarium
Monterey Marriott
Monterey Plaza
Old Fishermans Grotto
Portola Hotel & Spa
Sardine Factory
Trader Joes
Victoria’s Secret
Whole Foods Market
Williams Sonoma

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California's local one cent sales and use tax receipts for sales during the months of October through December were 15% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women’s apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State’s history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia's war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

### TOP NON-CONFIDENTIAL BUSINESS TYPES

<table>
<thead>
<tr>
<th>Monterey Business Type</th>
<th>Q4 '21*</th>
<th>Change</th>
<th>County Change</th>
<th>HdL State Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casual Dining</td>
<td>413.4</td>
<td>85.2%</td>
<td>64.9%</td>
<td>66.4%</td>
</tr>
<tr>
<td>Hotels/Motels</td>
<td>136.7</td>
<td>605.3%</td>
<td>159.4%</td>
<td>228.2%</td>
</tr>
<tr>
<td>Service Stations</td>
<td>132.2</td>
<td>22.7%</td>
<td>41.1%</td>
<td>53.8%</td>
</tr>
<tr>
<td>Electronics/Appliance Stores</td>
<td>72.8</td>
<td>20.5%</td>
<td>15.3%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Leisure/Entertainment</td>
<td>68.5</td>
<td>509.3%</td>
<td>207.2%</td>
<td>219.7%</td>
</tr>
<tr>
<td>Family Apparel</td>
<td>67.1</td>
<td>24.7%</td>
<td>26.1%</td>
<td>27.2%</td>
</tr>
<tr>
<td>Specialty Stores</td>
<td>62.1</td>
<td>12.3%</td>
<td>20.1%</td>
<td>18.7%</td>
</tr>
<tr>
<td>Quick-Service Restaurants</td>
<td>54.2</td>
<td>30.3%</td>
<td>17.3%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Grocery Stores</td>
<td>48.8</td>
<td>9.8%</td>
<td>-1.4%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Drug Stores</td>
<td>48.4</td>
<td>10.9%</td>
<td>6.7%</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

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