CITY OF MONTEREY
SALES TAX UPDATE
1Q 2022 (JANUARY - MARCH)

MONTEREY
TOTAL: $1,947,192

40.3% 1Q2022
18.1% COUNTY
17.1% STATE

Sales Tax by Major Business Group

Measure S
TOTAL: $2,517,687
32.2%

Measure G
TOTAL: $1,258,706
32.2%

CITY OF MONTEREY HIGHLIGHTS

Monterey’s receipts from January through March were 45.7% above the first sales period in 2021. Excluding late payments and other reporting adjustments, receipts for the period were up 40.3%.

The go-go economy shows little sign of slowing and consumer optimism means that tourism should remain strong for some time. By the end of this fiscal year, receipt totals for many of the major business categories should equal or be close to those from the 2018-19 fiscal year, which is the last year before the pandemic struck.

The impressive results this quarter added 1% to the City’s share of the use tax pool whose growth beat expectations despite fewer receipts from online sales. All this added 22% to the City’s allocation.

Results for Measures P/S and G showed that locals are also spending freely as the number of new and used cars registered in the City was up 7.7% and 22.5% respectively.

Net of adjustments, taxable sales for all of Monterey County grew 18.1% over the comparable time period while those of the Central Coast region were up 15.1%.

TOP 25 PRODUCERS

7 Eleven
After The Quake
Alvarado Street Brewery & Grill
Apple
Bubba Gump Shrimp
Chart House
Chevron
CVS Pharmacy
Del Monte 76
Edges Electrical Group
Fish Hopper
Hyatt Monterey
K & K Quick Stop
M & S Building Supply
Macy’s

Mercedes Benz of Monterey
Mobil Station
Monterey Bay Aquarium
Monterey Marriott
Monterey Plaza
Old Fishermans Grotto
Portola Hotel & Spa
Rosine’s
Trader Joes
Whole Foods Market

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STATEWIDE RESULTS

California’s local one-cent sales and use tax for sales occurring January through March was 17% higher than the same quarter one year ago, after adjusting for accounting anomalies and one-time payments from previous quarters. By all accounts, the California retail economy continues roaring along. Even with instability in the stock market, the crisis in Ukraine pushing up the global price of crude oil and the U.S. Federal Reserve Board beginning to tackle inflation with a series of rate increases, consumer spending continued at a strong pace.

The invasion of Ukraine by Russian military forces on February 24 had an immediate upward impact on the global price of crude oil due to fears of supply shortages. Subsequently this has caused a dramatic jump to California consumer gas and diesel prices at a time when many in the workforce were commuting back into offices, also contributing to an overall increase in consumption. As expected, fuel and service station receipts increased 47% over last year and show no signs of pulling back with summer travel right around the corner.

Sales of new and used vehicles continue to be robust causing the autos and transportation sector to jump 15% for the period. Inventory shortages by some dealers may have caused buyers to experience a Fear Of Missing Out (FOMO) and pay elevated prices while interest rates remained lower. Automotive brands that have committed to full electric or hybrid models are attractive with consumers, especially given the sudden rise in fuel prices.

Post-holiday retail sales of general consumer goods remained solid, improving 10%. Prior supply chain concerns have dissipated, port operations are returning to normal and headwinds from inflation and higher cost goods haven’t yet slowed consumer demand. The stellar returns were largely driven by discount department stores, especially those selling gas.

These results mark the fourth full quarter in a row that restaurant and hotel receipts have increased. While higher menu prices have contributed, steady demand by patrons to dine out is also propelling the gains. Furthermore, theme parks and entertainment venues throughout the state are busy. With the summer tourism and travel season approaching, the industry is positioned to maintain post-pandemic growth and remain positive through 2022.

Use taxes generated by online sales and purchases from out-of-state vendors allocated via the county pools, heartily surpassed expectations, gaining 13% over the comparison period. Shoppers bought a range of merchandise and spending by businesses on capital equipment remained sensational.

The first quarter sales period contributed to an already strong 2021-22 fiscal year for most municipalities statewide. However, continued inflationary pressure, soaring interest rates and record gas prices may soften growth going into 2022-23.

### REVENUE BY BUSINESS GROUP

Monterey This Quarter*

<table>
<thead>
<tr>
<th>Category</th>
<th>Monterey Q1 '22</th>
<th>Change County</th>
<th>Change HdB State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pools</td>
<td>10%</td>
<td>68.8%</td>
<td>59.4%</td>
</tr>
<tr>
<td>Food/Drug</td>
<td>8%</td>
<td>32.6%</td>
<td>45.4%</td>
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<tr>
<td>Cons.Goods</td>
<td>20%</td>
<td>547.0%</td>
<td>224.8%</td>
</tr>
<tr>
<td>Bus./Ind.</td>
<td>6%</td>
<td>54.0%</td>
<td>14.9%</td>
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<tr>
<td>Autos/Trans.</td>
<td>7%</td>
<td>58.0%</td>
<td>192.7%</td>
</tr>
<tr>
<td>Building</td>
<td>2%</td>
<td>45.0%</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

*Adjusted for economic data

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Monterey Business Type | Q1 '22 | Change County | Change HdB State
---|---------|---------------|-----------------|
Casual Dining         | 398.7   | 59.4%         | 55.8%           |
Service Stations       | 144.4   | 45.4%         | 43.3%           |
Hotels/Motels         | 113.2   | 224.8%        | 243.6%          |
Electronics/Appliance Stores | 65.4 | 4.0%         | 12.5%           |
Quick-Service Restaurants | 56.3 | 14.9%         | 7.8%            |
Leisure/Entertainment | 56.1    | 192.7%        | 197.4%          |
Specialty Stores       | 45.5    | 10.5%         | 11.2%           |
Grocery Stores        | 45.0    | -0.2%         | 3.3%            |
Drug Stores           | 44.8    | 9.7%          | 9.0%            |
Family Apparel        | 43.3    | 8.1%          | 9.4%            |

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars