CITY OF MONTEREY
SALES TAX UPDATE
2Q 2022 (APRIL - JUNE)

SALES TAX BY MAJOR BUSINESS GROUP

Monterey’s gross receipts from April through June were 18.7% above the second sales period in 2021; and after adjustments for delayed payments, audit and other reporting modifications actual sales were up 22.6%. Overall place of sale collections soared almost 21.5% compared to a year ago as tourism returned to the region.

All sectors of the restaurants-hotels group posted stellar results, led by substantial growth in hotels-motels and leisure entertainment – with the total group skyrocketing 42% as people enjoyed visiting the area during the late spring months. The continued high cost of global crude oil kept local gas prices high, and with more travelers on the road, revenue from service stations jumped 27.6%. A big increase in allocations from the countywide use tax pool further contributed to the positive quarterly receipts as countywide pools remain a solid source of revenue, boosted by taxes on online purchases. Electronics/appliance and specialty stores buoyed the general consumer goods results.

Voter approved Measures P/S and G demonstrated similar gains as people spent their income at restaurants-hotels and filled up their gas tanks.

Net of adjustments, taxable sales for all of Monterey County grew 12.0% over the comparable time period; the Central Coast region was up 7.8%.

Measure P&S
TOTAL: $3,046,783
Δ 17.6%

Measure G
TOTAL: $1,521,920
Δ 17.7%

CITY OF MONTEREY HIGHLIGHTS

Monterey Bay Aquarium
Monterey Marriott
Monterey Plaza
Old Fishermans Grotto
Perry House
Portola Hotel & Spa
Sapporo Japanese Steak & Sushi House
Whole Foods Market

TOP 25 PRODUCERS

7 Eleven
After The Quake
Alliance Mart
Alvarado Street Brewery & Grill
Apple
Bubba Gump Shrimp
Chevron
CVS Pharmacy
Del Monte 76
Edges Electrical Group
Fish Hopper
Hyatt Monterey
Intercontinental
Lalla Oceanside Grill
Macy’s
Mercedes Benz of Monterey
Mobil Station
Monterey Bay Aquarium
Monterey Marriott
Monterey Plaza
Old Fishermans Grotto
Perry House
Portola Hotel & Spa
Sapporo Japanese Steak & Sushi House
Whole Foods Market

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Local one cent sales and use tax for sales occurring April through June was 10% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark the sixth consecutive quarter of double-digit growth since the pandemic periods in 2020, with the July-June 2022 fiscal year up 15%.

Commuters returning to offices combined with the Russia-Ukraine conflict continuing to put upward pressure on oil prices and left Californians facing the highest average price per gallon on record resulting in fuel and service station receipts 42% higher than last year. While statewide fuel consumption still trails 2019 levels, local gas prices are expected to remain high until after the summer blend period.

Led by consumer's desire to dine out, a steady rise in tourism and business travel, higher menu prices and great weather, the restaurant sector continues to flourish. Theme parks, entertainment venues and hotels showed the strongest growth with casual dining establishments remaining solid, a trend likely to remain through 2022.

The automobile sector experienced modest gains for new car dealers and rental car vendors, however sales of used autos and leasing activity has begun to cool. Brands prioritizing full electric and hybrid models still appear to be the most attractive with consumers, however increased financing rates may cause even their activity to dampen. Tight inventories that contributed to dramatic price increases over the last 18 months are also showing signs of loosening as newer models are released in greater numbers.

General consumer goods categories saw steady returns largely propped up by retailers also selling fuel. In comparison with the prior year when consumers were buying merchandise at a record pace, the current returns from apparel and jewelry stores grew moderately with home furnishings showing a slight decrease.

With new housing starts accelerating and residential and commercial property values rising, construction contractors remain busy. Lumber prices have softened from prior year highs leaving material suppliers with modest gains, however electrical, plumbing and energy suppliers boosted building sector results. Increased investment in capital equipment remains an important area of growth for county pool allocations, especially as online spending for general consumer goods begins to flatten as consumers return to in-store shopping.

Overall, higher priced goods through periods of consistent demand have led to economic inflation. The Federal Reserve Board’s recent actions to curb inflation are anticipated to put downward pressure on sales of autos, building materials and financed general consumer goods, resulting in slower growth by year end and into 2023.