

Q3



Monterey County Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Monterey County In Brief

Receipts for the unincorporated area's July through September sales were 86.8% higher than the same quarter one year ago. Actual sales activity was up 12.2% when reporting aberrations were factored out.

Retroactive payments from multiple categories of business and industry were largely responsible for boosting the overall results. In addition, onetime adjustments temporarily lifted the autos and transportation group.

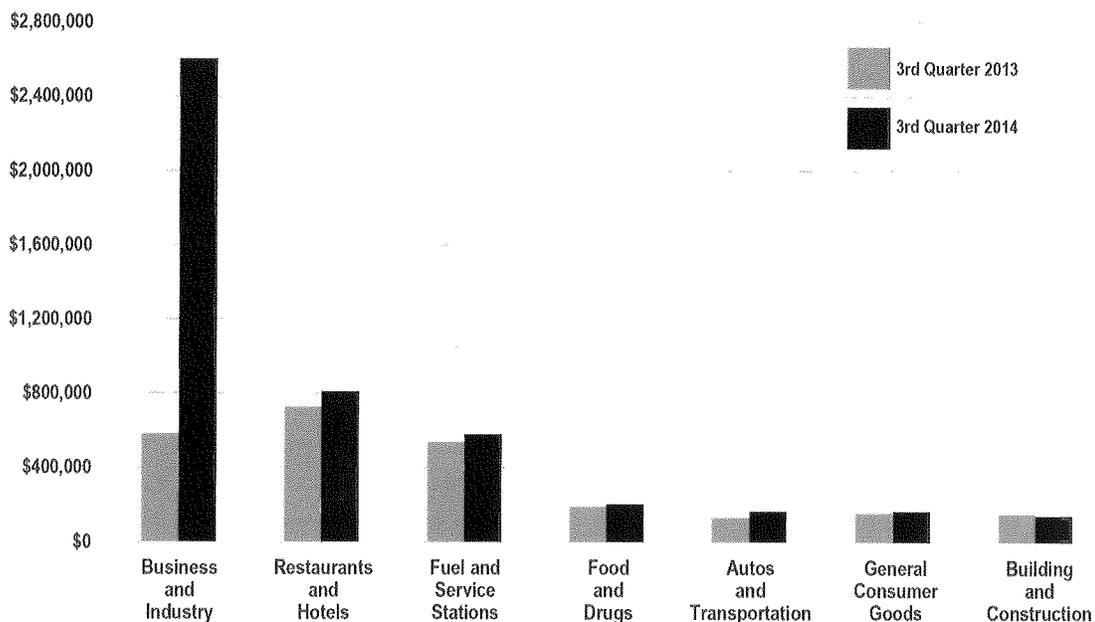
Restaurants and hotels posted strong sales from all categories, however payment anomalies inflated receipts. Similar payment deviations exaggerated the increase from general consumer goods.

Service stations and some categories of food and drugs also posted higher receipts. Additionally, the 66.2% increase in the unincorporated area's share of the countywide use tax pool allocation contributed to the positive results.

The gains were partially offset by sales declines from contractor supplies and petroleum products.

Adjusted for aberrations, taxable sales for all of Monterey County increased 4.7% over the comparable time period, while the Central Coast region as a whole was up 5.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Bernardus Lodge	Pebble Beach Resorts
Carmel Valley Ranch	Quiedan
Chevron	RDO Agriculture Equipment
CVS Pharmacy	Safeway
Dicks Valero Service	Shell
Duke Energy North America	Shell
Dune Company	Sturdy Oil
Gooding & Company	Sturdy Oil Service Station
Helena Chemical	Valero Corner Store
Kleen Globe	Valley Pacific Petroleum
McJunkin Supply	Western Oilfields Supply
Monterey Jet Center	
Nepenthe	
Pacific Ag Rentals	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$4,701,939	\$7,153,878
County Pool	515,606	712,237
State Pool	2,469	4,997
Gross Receipts	\$5,220,014	\$7,871,112
Less Triple Flip*	\$(1,305,004)	\$(1,967,778)

*Reimbursed from county compensation fund

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California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

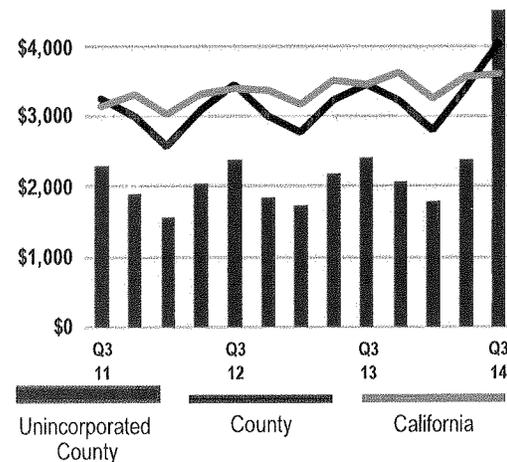
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

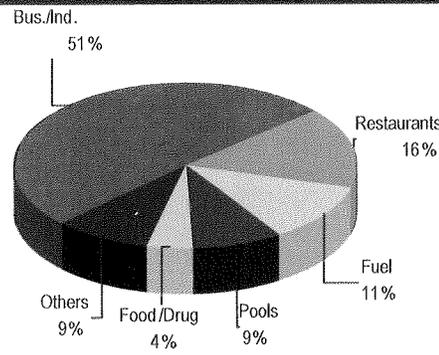
Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Monterey County This Quarter



MONTEREY COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q3 '14*	Change	Change	Change
Auctioneers	— CONFIDENTIAL —	—	30.5%	8.2%
Casual Dining	117.0	17.3%	14.3%	6.3%
Contractors	80.2	-25.5%	6.1%	11.7%
Energy/Utilities	— CONFIDENTIAL —	—	na	3.4%
Fine Dining	64.4	5.7%	11.5%	15.7%
Garden/Agricultural Supplies	218.4	35.5%	12.3%	3.2%
Grocery Stores Liquor	95.9	5.6%	0.7%	8.6%
Hotels-Liquor	510.7	7.6%	6.7%	6.4%
Leisure/Entertainment	73.8	52.1%	20.9%	-3.6%
Petroleum Prod/Equipment	141.0	-11.0%	5.5%	4.6%
Quick-Service Restaurants	43.6	6.3%	5.2%	8.4%
Service Stations	435.9	15.5%	-0.9%	1.2%
Used Automotive Dealers	53.8	20.7%	16.3%	11.8%
Warehse/Farm/Const. Equip.	161.9	-16.0%	-0.5%	6.3%
Wineries	51.0	52.2%	45.8%	4.0%
Total All Accounts	\$4,671.6	89.0%	18.8%	5.5%
County & State Pool Allocation	\$446.5	66.8%	4.9%	10.2%
Gross Receipts	\$5,118.1	86.8%	17.4%	6.1%