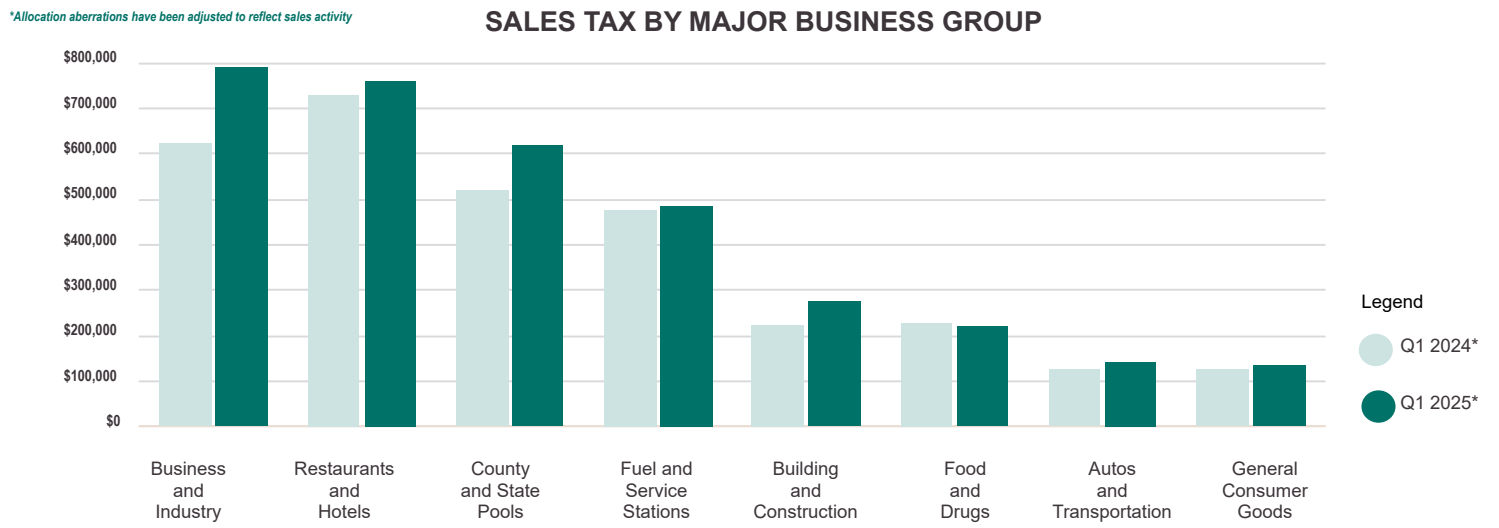
MONTEREY CO. UNINC.
SALES TAX UPDATE
1Q 2025 (JANUARY - MARCH)

MONTEREY COUNTY TOTAL: $ 3,434,147	12.3% COUNTY UNINC. ↑	5.0% COUNTY ↑	0.3% STATE ↑

*Allocation aberrations have been adjusted to reflect sales activity



MONTEREY CO. UNINC. HIGHLIGHTS

The unincorporated area's receipts from January through March were 8.9% above the first sales period in 2024. Excluding reporting aberrations, actual sales were up 12.3%.

One-time allocations in the building-construction group and the heavy industry and other business-industry categories due to local construction were the main reasons for the overall positive results.

Hotels, the largest business type category, were up 2.3%, with casual dining up nearly 1% and leisure/entertainment jumping 13%. Together, that pushed the restaurant-hotel group to a solid 4% gain, well above the statewide average of about 1.5%. General consumer goods were also up, boosted by specialty stores and home furnishings.

Service stations were down 8% this quarter as prices at the pumps were lower than the comparable quarter.

Agricultural related categories were down this quarter, partially due to one-time allocations in the comparable quarter and partially due to slowing in sales.

Receipts to the countywide pool were up and the county's portion of the pool was up due to the one-time spikes, leading to the over 18% gains in the allocation.

Net of aberrations, taxable sales for all of Monterey County grew 5.0% over the comparable time period; the Central Coast region was up 3.2%.

TOP 25 PRODUCERS

7 Eleven
ABC Supply Co
Assured Aggregates
Avfuel
B2b Industrial Packaging
Carmel Valley Ranch
Core & Main
CVS Pharmacy
Duke Energy
Eco Gas Mart
General Electric Intl
Gulfeagle Supply
Helena Agri-Enterprises
Kristich Monterey Concrete Pipe
Nepenthe
Pacifc Ag Rentals
Pebble Beach Resorts
Prundale Valero/ferm's Service
RDO Equipment
Royal Oaks Valero
Safeway
Shell
Sturdy Oil Company
Ventana Big Sur
Vulcraft Division

STATEWIDE RESULTS

California's local one-cent sales and use tax receipts for January through March 2025 increased by 0.34% compared to the same quarter in 2024, after adjusting for accounting anomalies. While this modest growth may signal the end of an eight-quarter decline, it could be temporary, as the broader economy remains on the edge between recovery and further slowdown.

The first quarter is traditionally the lowest sales tax-generating period of the year, often influenced by seasonal weather and post-holiday consumer behavior.

Notably, the autos-transportation and building-construction sectors—both of which had been dragging down statewide results over the past two years—showed the strongest rebounds this quarter. In the autos sector, used car sales and leasing activity led the recovery. Consumers are increasingly opting for more affordable vehicles and shorter-term commitments, moving away from high-end purchases. In construction, pent-up demand for repairs and improvements, especially in weather-affected and wildfire-damaged areas like Southern California, drove strong sales for building material suppliers.

Other segments generating modest growth included business-industry and countywide use tax pools, largely due to continued strength in online sales. Sales of goods already in California before purchase are reported under business-industry fulfillment centers. Goods shipped from outside the state are reported under county pools, based on the destination of the out-of-state shipment. Online shopping remains a preferred option for value-conscious consumers, contributing significantly to tax receipts in these categories.

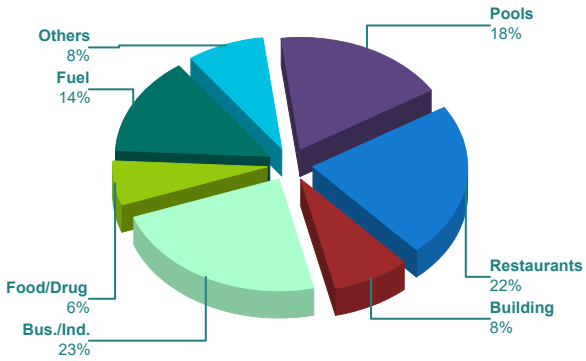
Calendar year 2024 saw a decline in fuel-related tax receipts due to lower global crude oil prices—a trend that continued into 1Q 2025. Fuel-related returns dropped by 5%. This decline also affected general consumer goods, as large retailers that sell fuel typically report all sales under a single taxpayer ID. As a result, brick-and-mortar merchants such as post-holiday family apparel stores, winter sporting goods vendors and closures of variety stores contributed to weaker performance.

Although food-drugs is the smallest of the eight tax groupings, it was significant that cannabis returns continued a downturn trend that has been ongoing for over two years. Bankruptcies, customer shopping alternatives and oversaturation of retail footprint diminished taxes coming from drug stores.

As 2025 begins, sales tax returns remain modest, reflecting broader economic volatility. Key factors influencing our outlook include: ongoing national tariff and trade negotiations and decisions on the federal funds rate - which directly affect consumer interest rates. Recent Middle East conflicts, which temporarily spiked crude oil prices and threatened local gas prices during the summer, will be a short-term concern. In summary, "uncertainty" remains the most accurate descriptor of California's current and future economic climate.

REVENUE BY BUSINESS GROUP

Monterey Co. Uninc This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q1 '25*	Change	County Change	HdL State Change
Hotels/Motels	457.9	2.3% ↑	5.8% ↑	1.8% ↑
Service Stations	358.8	-8.0% ↓	-1.8% ↓	-5.8% ↓
Contractors	185.5	22.9% ↑	9.9% ↑	1.2% ↑
Casual Dining	168.6	0.9% ↑	4.0% ↑	1.3% ↑
Heavy Industrial	157.7	142.1% ↑	71.1% ↑	2.4% ↑
Warehse/Farm/Const. Equip.	152.3	-20.3% ↓	-10.1% ↓	-3.6% ↓
Garden/Agricultural Supplies	131.0	15.0% ↑	-13.1% ↓	0.3% ↑
Petroleum Prod/Equipment	116.6	50.4% ↑	39.4% ↑	-4.4% ↓
Grocery Stores	113.9	0.4% ↑	-0.8% ↓	-0.8% ↓
Building Materials	89.4	28.0% ↑	7.4% ↑	3.8% ↑

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*In thousands of dollars