

# MONTEREY CO. UNINC.

## SALES TAX UPDATE

### 3Q 2025 (JULY - SEPTEMBER)



#### MONTEREY CO. UNINC.

TOTAL: \$ 4,518,748

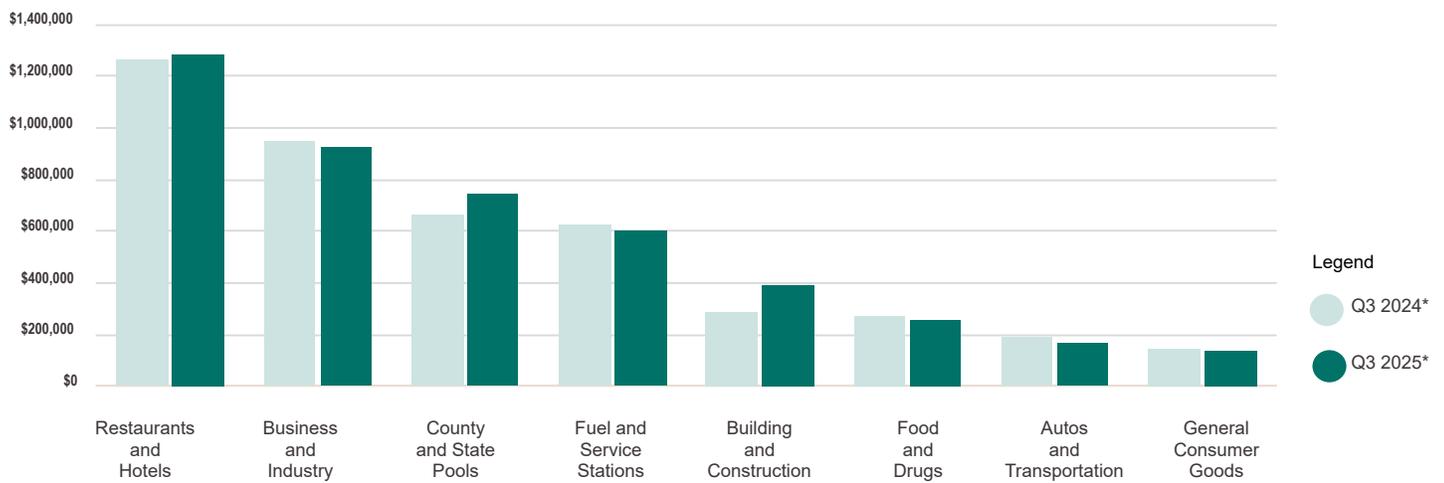
2.7%  
COUNTY UNINC.

3.0%  
COUNTY

1.9%  
STATE

*\*Allocation aberrations have been adjusted to reflect sales activity*

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure AA

TOTAL: \$7,228,955

→ 0.0%



#### MONTEREY CO. UNINC. HIGHLIGHTS

The unincorporated area's receipts from July through September were 6.5% above the third sales period in 2024. Excluding reporting aberrations, actual sales were up 2.7%.

The restaurant-hotel sector experienced optimistic gross receipts at leisure-entertainment venues as patrons enjoyed the warm spring weather. State-county pools the County's third largest income classification had excellent results with an 11.9% return.

Building-construction profits were outstanding, as contractors saw commercial investors acquiring materials before the impacts of tariffs drive up the cost of materials.

During this period the business-

industry group showed weak profits from warehouse-farm-construction equipment and heavy industrial. Service stations felt shrinking profits as fuel prices declined for the seventh consecutive quarter. Likewise, the food-drug category experienced declining proceeds at cannabis retailers as business felt the impact of competition from surround communities.

The new voter-approved Measure AA data is inconclusive however, the business-industry group was the biggest revenue producing sector at 32%.

Net of aberrations, taxable sales for all of Monterey County grew 3.0% over the comparable time period; the Central Coast region was up 4.4%.



#### TOP 25 PRODUCERS

- |                                 |                                |
|---------------------------------|--------------------------------|
| 7 Eleven                        | Nepenthe                       |
| Assured Aggregates              | Pacific Ag Rentals             |
| Avfuel                          | Pebble Beach Resorts           |
| Bernardus Lodge                 | Prundale Valero/ferm's Service |
| Carmel Valley Ranch             | RDO Equipment                  |
| Chevron                         | Royal Oaks Valero              |
| Core & Main                     | Safeway                        |
| Don Chapin                      | Shell                          |
| Dune Company of Salinas         | Sturdy Oil Company             |
| Gulfeagle Supply                | Ventana Big Sur                |
| Helena Agri-Enterprises         | Wilbur Ellis                   |
| Kristich Monterey Concrete Pipe |                                |
| Mission Ranch                   |                                |
| Monterey Peninsula Country Club |                                |



STATEWIDE RESULTS

California’s local one-cent sales and use tax receipts for July through September were 1.9% higher than the same quarter last year, after adjusting for accounting anomalies. While growth appears modest, calendar year 2025 remains on pace to rebound following two years of declines. Combined with second-quarter activity, the summer period posted a 1% improvement over the 2024 season.

Sustained consumer trends reflected a willingness to spend while remaining cost-conscious and prioritizing value. Online retailers, reporting to both business-industry and countywide use tax pools (depending on inventory location at purchase), recorded the strongest gains. This momentum extended to brick-and-mortar retailers, which also posted modest improvements. Seasonal “back-to-school” activity boosted men’s and family apparel along with shoe stores, lifting the General Goods sector and enhancing expectations for the upcoming holiday shopping period.

Tax receipts from restaurants edged higher, supported by households’ continued desire to eat out. Despite balancing higher menu prices, tip fatigue, and tighter margins, casual dining establishments generated the largest gains. Overall, summer performance appeared stable but lacked the tourism surge many had hoped for.

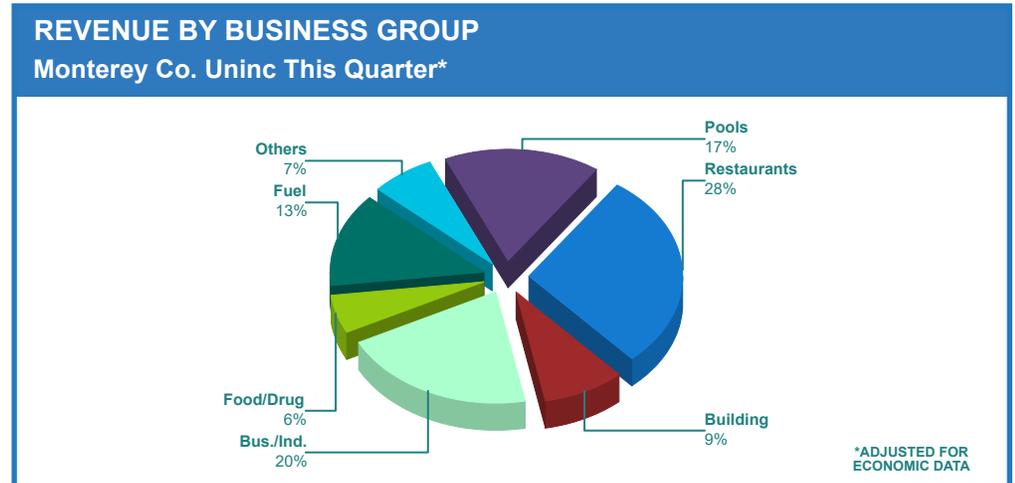
Offsetting positive results was a decline in revenue from fuel-service stations—marking the 10th out of the last 11 quarters with negative year-over-year change. This trend is largely tied to West Texas Intermediate (WTI) crude oil prices, which hit their lowest monthly levels since 2021. While lower gas prices may encourage spending in other categories, potential oil refinery closures in the coming year could keep per-gallon prices elevated.

The food and drug sector continued its downward trend as grocers remitted fewer taxes, reflecting the challenge of generating taxable revenue amid rising food prices. Drug store filings have declined throughout the year, driven partly by increased access to medications through ecommerce platforms and a contraction in physical store footprints due to over-saturation and chain bankruptcies.

Two sectors poised to benefit from lower short-term interest rates—autos-transportation and building-construction—repeated a pattern of lackluster returns. A minor uptick came from new auto sales and leasing, while building material

suppliers struggled during the summer, likely creating pent-up demand for repairs and improvements ahead.

With the Federal Reserve considering additional rate changes in early 2026, optimism for improved consumer financing conditions and stronger sales tax receipts remains. As national tariff and trade talks ease, inflationary pressures will continue to shape spending behavior. For now, calendar year 2025 closes with sluggish but stable performance, awaiting broader economic shifts.



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Unincorporated County Business Type	Q3 '25*	Change	County Change	HdL State Change
Hotels/Motels	813.2	3.4% ↑	2.9% ↑	3.2% ↑
Service Stations	441.3	-5.6% ↓	-3.6% ↓	-5.0% ↓
Garden/Agricultural Supplies	362.3	11.7% ↑	1.7% ↑	-0.8% ↓
Contractors	270.6	58.7% ↑	79.8% ↑	-0.2% ↓
Casual Dining	230.0	-2.8% ↓	0.5% ↑	2.0% ↑
Warehse/Farm/Const. Equip.	178.6	-25.1% ↓	-10.6% ↓	-8.7% ↓
Leisure/Entertainment	156.8	9.1% ↑	7.2% ↑	1.0% ↑
Petroleum Prod/Equipment	154.1	3.5% ↑	-10.5% ↓	2.6% ↑
Grocery Stores	133.4	-2.0% ↓	-2.1% ↓	-2.0% ↓
Building Materials	110.2	1.7% ↑	-0.3% ↓	-2.4% ↓

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