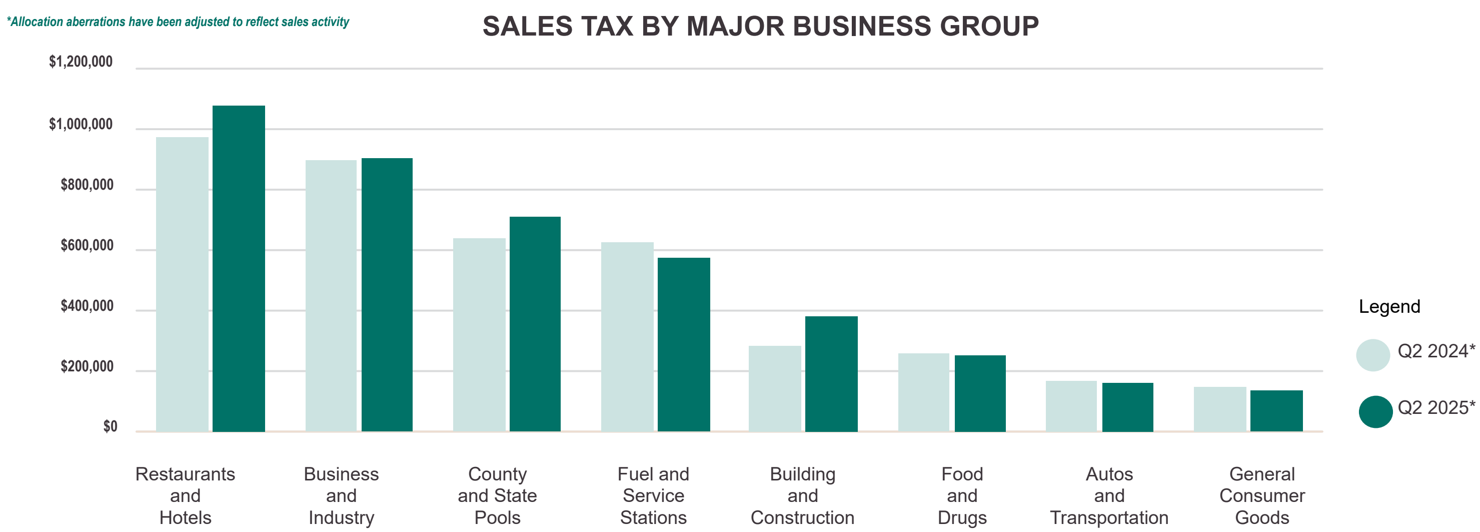
MONTEREY CO. UNINC.
SALES TAX UPDATE
2Q 2025 (APRIL - JUNE)

MONTEREY COUNTY
TOTAL: $ 4,205,945

4.7% COUNTY UNINC. ↑ | 7.4% COUNTY ↑ | 0.5% STATE ↑



Measure AA
TOTAL: $7,000,692

MONTEREY CO. UNINC. HIGHLIGHTS

The unincorporated area's receipts from April through June were 8.3% above the second sales period in 2024. Excluding reporting issues, including late payments, receipts for this period were up 4.7%.

The growth this period came mainly from two business groups. For example, construction contractors saw more demand for their goods and services. Meanwhile, dining venues co-located at hotels, along with those on the premises at recreation and special event facilities saw 10% and 22% gains respectively.

The county's payout from the use tax pool rose along with the growth in the size of the pool itself. The pool's receipts increased from sales of materials needed for local construction projects and the increasing volume of general consumer goods purchased online.

The inaugural quarter for the new Measure AA district tax saw $7 million collected, however this includes a $499,000 payment made in error. This amount will be reversed at a future date.

Net of aberrations, taxable sales for all of Monterey County grew 7.4% over the comparable period while those of the Central Coast region were up 2.5%.

TOP 25 PRODUCERS

- 7 Eleven
- Assured Aggregates
- Avfuel
- B2b Industrial Packaging
- C&N Tractors
- Carmel Valley Ranch
- Chevron
- Core & Main
- Don Chapin
- Dune Company of Salinas
- Gonzales Shell
- Gulfeagle Supply
- Helena Agri-Enterprises
- Kristich Monterey Concrete Pipe
- Monterey Peninsula Country Club
- Nepenthe
- Pacifc Ag Rentals
- Pebble Beach Resorts
- Prundale Valero/ferm's Service
- RDO Equipment
- Royal Oaks Valero
- Safeway
- Shell
- Sturdy Oil Company
- Wilbur Ellis

STATEWIDE RESULTS

California's one-cent local sales and use tax receipts rose 0.6% in Q2 compared to the same period last year, after adjusting for accounting anomalies. While only modest growth, it is the second consecutive quarter experiencing positive results following an extended timeline of declines. This period is traditionally met with improved weather with the beginning of summer activity.

Steady gains in both business-industry and countywide use tax pools were driven by strong online sales, reflecting shopper's willingness and ability to spend. Whether pulled from inventory within California or shipped from outside the state, demand for goods by value-conscious shoppers prevailed. Other notable upticks came from purchases of office and electrical equipment.

Increased tax receipts from restaurants also demonstrated diners continued desire to eat out. Even amongst higher menu prices and tip fatigue, casual dining establishments generated the largest lift. While this is a good sign for the coming summer season, underlying data shows that disposal personal income – a key driver of restaurant sales – is growing at a slower pace than prior years, possibly signaling softer tax growth on the horizon.

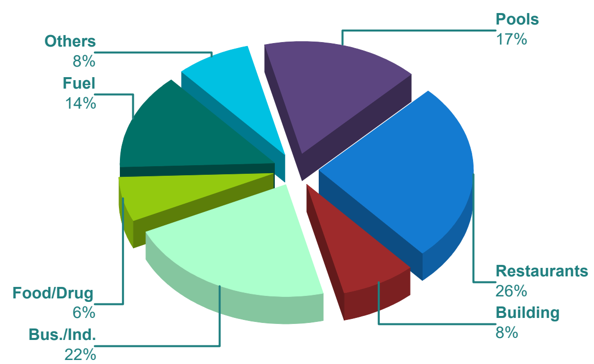
The two sectors primed to take advantage of upcoming interest rate changes, autos-transportation and building-construction, only experienced lackluster returns this period. New auto sales declined, offsetting gains in used vehicles and leasing, while building material sales remained unchanged from a year ago. However, aging vehicles and deferred home improvements remain a potential catalyst driving demand in the near term.

Balancing the positive results, revenue from fuel and service stations declined for the ninth time in ten quarters, primarily due to West Texas Intermediate (WTI) low crude oil prices. As the global economy and development remains tempered, so has the demand for oil, leaving prices relatively low. While this dampens sales taxes, lower fuel costs during peak travel months may boost spending in other segments.

Traditional retailers saw a 1% decline, with specialty, sporting goods, and department stores under performing compared to year ago totals. Inflation and tariffs continue to pressure consumer spending and retailer margins, prompting reevaluation of physical store investments by regional and national companies alike.

The September reduction in the federal funds rate, noting the possibility of more in early 2026, leaves optimism regarding future financing and accessing equity opportunities for some consumers. However, national tariff/trade talks remain a vital piece of the inflation/higher prices story with the potential of diminishing spending power. So sluggish calendar year 2025 continues with only modest expansion expected braced against the ever-changing larger economic trends.

REVENUE BY BUSINESS GROUP
Monterey Co. Uninc This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q2 '25*	Change	County Change	HdL State Change
Hotels/Motels	641.5	9.7%	10.2%	5.3%
Service Stations	436.6	-8.5%	-4.2%	-9.4%
Contractors	271.1	50.3%	50.1%	-0.9%
Garden/Agricultural Supplies	267.4	3.9%	6.7%	-8.3%
Casual Dining	212.3	7.7%	2.5%	1.4%
Warehse/Farm/Const. Equip.	192.6	2.3%	6.9%	-11.0%
Leisure/Entertainment	139.2	21.5%	11.5%	4.1%
Petroleum Prod/Equipment	130.8	-6.4%	-4.8%	-4.9%
Grocery Stores	128.5	0.7%	0.6%	-0.2%
Building Materials	102.2	-0.9%	-3.0%	-0.9%

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