

MONTEREY CO. UNINC.

SALES TAX UPDATE

4Q 2025 (OCTOBER - DECEMBER)



MONTEREY COUNTY

TOTAL: \$ 3,717,629

-1.5%

COUNTY UNINC.



0.9%

COUNTY



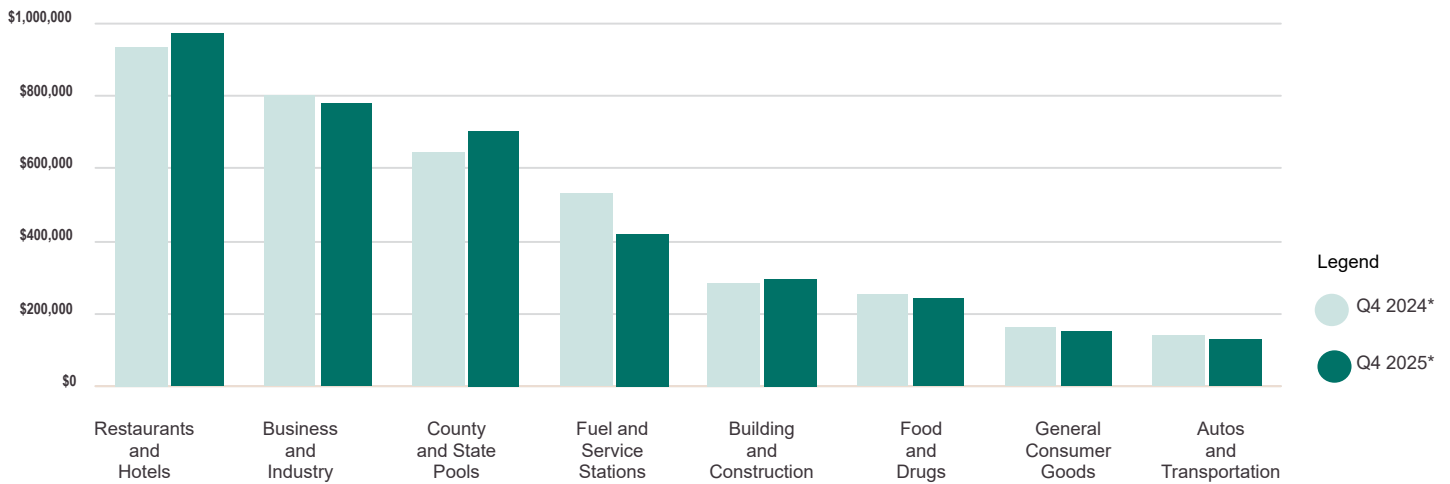
1.1%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure AA

TOTAL: \$6,499,772



MONTEREY CO. UNINC HIGHLIGHTS

The unincorporated area's receipts from October through December were 0.9% above the fourth sales period in 2024. Excluding reporting aberrations, actual sales were down 1.5%.

A spike in the comparable year in heavy industry brought the business-industry group down this quarter; farm-construction equipment and agricultural supplies both posted gains and a one-time energy related allocation offset some of the decline.

Fuel prices at the pump were still lower than the comparable year; service station receipts were down 10.3%. This category will see strong growth in the coming quarters.

Building-construction gains came from the contractors category, building material stores were slightly down.

Restaurants-hotels posted gains strongly above the statewide flat results; casual dining was flat, it was hotels, entertainment and quick-service that boosted the group.

This is the third quarter of voter approved Measure AA reporting, the biggest generator is locals purchasing new motor vehicles, followed closely by agricultural supplies and hotels/motels.

Net of aberrations, taxable sales for all of Monterey County grew 0.9% over the comparable time period; the Central Coast region was flat.



TOP 25 PRODUCERS

7 Eleven
 ABC Supply Co
 Assured Aggregates
 Avfuel
 C&N Tractors
 Carmel Valley Ranch
 Chevron
 Core & Main
 CVS Pharmacy
 Don Chapin
 Duke Energy
 Eco Gas Mart
 Gulfeagle Supply
 Helena Agri-Enterprises
 Kristich Monterey
 Concrete Pipe

Monterey Peninsula
 Country Club
 Nepenthe
 Pacific Ag Rentals
 Pebble Beach Resorts
 Prundale Valero/farm's
 Service
 RDO Equipment
 Royal Oaks Valero
 Safeway
 Shell
 Ventana Big Sur



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts posted moderate growth during the fourth quarter, reflecting resilient consumer behavior despite persistent economic headwinds. For the months of October through December, revenues increased 1.2% from the year ago quarter after adjusting for accounting anomalies. This performance capped an overall improvement for calendar year 2025 of 1.2%, marking a welcomed annual increase after two consecutive years of decline.

Consumer spending patterns during the holiday season played a central role in the fourth-quarter results. Fulfillment centers and countywide use tax pools generated strong returns, driven by sustained demand for online shopping as cost-conscious consumers prioritized convenience and price comparison. This e-commerce momentum persisted throughout the 2025 year. Traditional brick-and-mortar retailers, particularly apparel and jewelry stores, also realized modest seasonal gains, benefiting from holiday purchasing activity.

Restaurant sales taxes rose again, although operators reported continual pressure from rising costs that influenced customer behavior. Diners reduced visit frequency and alcohol purchases, reflecting heightened price sensitivity. While upcoming national and global sporting events in California could support localized growth, broader restaurant sector expansion is expected to remain constrained and concentrated primarily in tourism-heavy and event-focused regions.

Energy-related initiatives produced solid returns; however, revenue allocation mechanisms shifted, with proceeds previously reported directly to local agencies now distributed through county pools during the current period.

In contrast, the autos-transportation and building-construction sectors remained

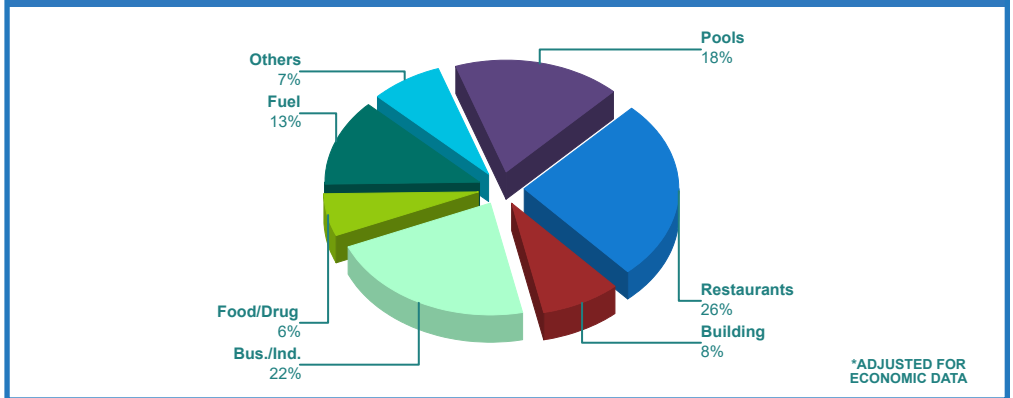
subdued. Elevated interest rates, seasonal purchasing patterns, and winter weather limited activity, particularly in high-value purchases such as vehicles and home improvement projects. Contractors in roofing and concrete experienced reduced productivity, reinforcing expectations of continued stagnation in these industries. With minimal interest rate relief projected for 2026, significant near-term recovery remains unlikely.

Looking ahead, emerging global risks present growing uncertainty. While not reflected in current results, escalating tensions in the Middle East have driven West Texas Intermediate crude oil prices above \$100 per barrel, translating into sharply higher gasoline prices exceeding \$6 per gallon locally. Refinery

closures across Northern and Southern California further amplify supply pressures. Prolonged energy price volatility could force consumers to redirect spending toward fuel costs, reducing discretionary expenditures in other sectors.

Prior to these developments, short-term economic expectations were cautiously optimistic. However, renewed inflationary pressure has led the Federal Reserve to delay anticipated interest rate reductions, limiting consumer flexibility. Stubbornly high fuel prices may also dampen travel and tourism through summer, leaving little room for broad-based sales tax growth in the year.

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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q4 '25*	Change	County Change	HdL State Change
Hotels/Motels	579.2	2.1% ↑	-0.2% ↓	4.9% ↑
Service Stations	359.5	-10.3% ↓	-4.2% ↓	-2.1% ↓
Warehse/Farm/Const. Equip.	243.4	5.2% ↑	1.4% ↑	-4.4% ↓
Contractors	193.3	4.4% ↑	-0.7% ↓	-0.8% ↓
Casual Dining	190.2	0.1% ↑	0.1% ↑	2.3% ↑
Garden/Agricultural Supplies	142.8	14.7% ↑	65.1% ↑	5.8% ↑
Leisure/Entertainment	128.2	11.7% ↑	4.8% ↑	-0.9% ↓
Grocery Stores	126.1	-2.0% ↓	-1.6% ↓	0.7% ↑
Building Materials	97.9	-0.3% ↓	-0.2% ↓	-4.1% ↓
Repair Shop/Equip. Rentals	96.6	-2.6% ↓	1.4% ↑	-3.5% ↓

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