

# CITY OF CARMEL

## SALES TAX UPDATE

### 1Q 2023 (JANUARY - MARCH)



**CARMEL**

TOTAL: \$ 661,672

-19.9%

1Q2023



-1.8%

COUNTY



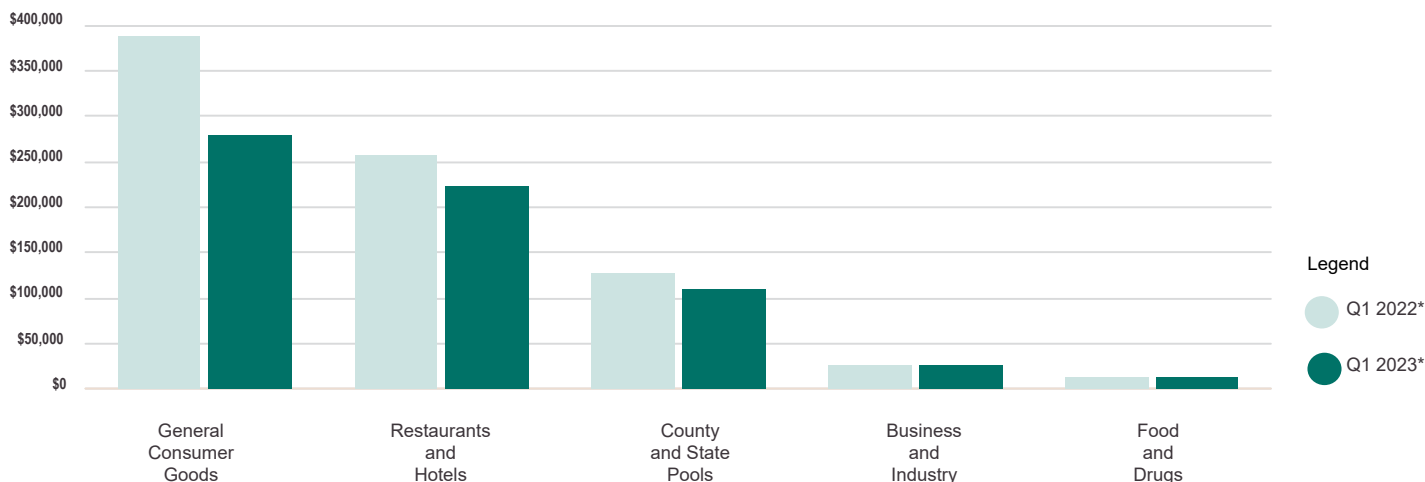
-1.1%

STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### Measure C

TOTAL: \$1,142,721

↓ -17.5%



### CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from January through March were 18.8% below the first sales period in 2022. Excluding reporting aberrations, actual sales were down 19.9%.

General consumer goods saw weak gross receipts at jewelry stores as well as several other businesses in this sector. Unexpected heavy rains during this quarter discouraged tourist and local patrons alike from eating out which led to bleak revenues for the restaurant-hotels category.

State and county pools, the City's third largest revenue classification, was bleak posting -13.3% returns. The business-industry sector had negative earnings from medical/biotech. Likewise, the

food-drug category had dwindling collections from convenience/liquor markets and drug stores.

Falling fuel prices which peaked in 2022 continue to compress services station profits. On the other hand, building-construction had positive revenue from contractors as they continue to be in demand.

Measure C, the voter approved transaction tax experienced negative results with returns of -17.5%.

Net of aberrations, taxable sales for all of Monterey County declined 1.9% over the comparable time period; the Central Coast region was down 3.6%.



### TOP 25 PRODUCERS

- |                                      |                          |
|--------------------------------------|--------------------------|
| Alvarado Street Brewery & Bistro     | Grasings Coastal Cuisine |
| Anthropologie                        | Il Fornaio               |
| Anton & Michel                       | J Lawrence Khakis        |
| Arhaus Furniture                     | La Bicyclette            |
| Augustina Leathers                   | La Playa Hotel           |
| Caffe Napoli                         | L'Auberge Carmel         |
| Carmel Classics                      | Mad Dogs & Englishmen    |
| Carmel Shell                         | Pangaea Grill            |
| Casanova Restaurant                  | Pocket Carmel            |
| Coach                                | Portabella Mediterranean |
| Dametra Cafe                         | Tiffany & Co             |
| Flahertys Seafood Grill & Oyster Bar |                          |
| Fourtane Estate Jewelers             |                          |
| Girl Boy Girl                        |                          |



## STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

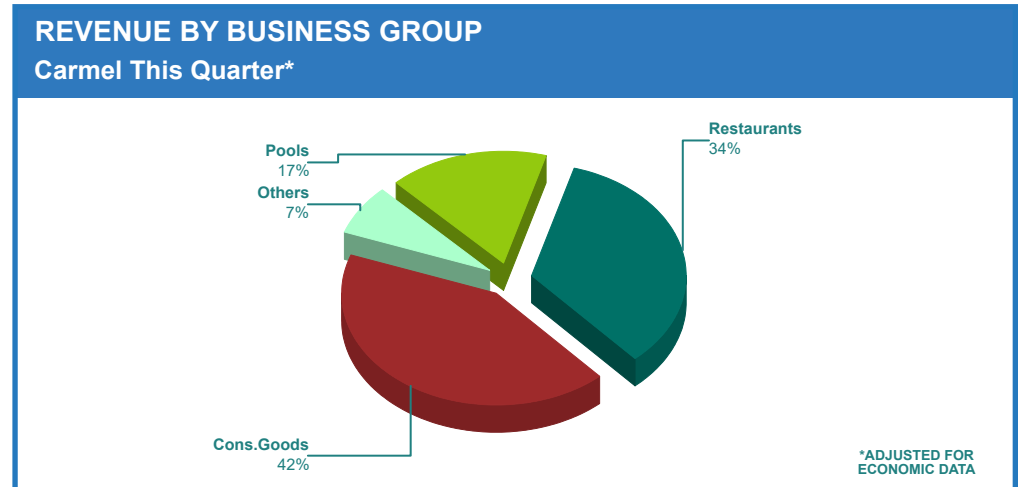
Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Carmel Business Type	Q1 '23	Change	County Change	HdL State Change
Casual Dining	154,697	-9.2% ↓	-2.7% ↓	9.7% ↑
Jewelry Stores	84,741	-36.4% ↓	-28.3% ↓	-7.6% ↓
Women's Apparel	44,008	-15.4% ↓	-11.0% ↓	-7.3% ↓
Fine Dining	42,975	-21.1% ↓	-16.8% ↓	2.0% ↑
Family Apparel	37,028	-20.4% ↓	-3.7% ↓	2.3% ↑
Art/Gift/Novelty Stores	33,574	-39.7% ↓	-25.7% ↓	1.8% ↑
Home Furnishings	23,230	-16.2% ↓	-16.7% ↓	-10.4% ↓
Hotels/Motels	18,906	-19.8% ↓	-0.5% ↓	32.3% ↑
Wineries	18,318	5.1% ↑	-18.2% ↓	-5.6% ↓
Specialty Stores	16,771	-30.9% ↓	-0.2% ↓	3.8% ↑

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