

CITY OF CARMEL

SALES TAX UPDATE

2Q 2021 (APRIL - JUNE)



CARMEL

TOTAL: \$ 830,094

170.3%
2Q2021



36.2%
COUNTY

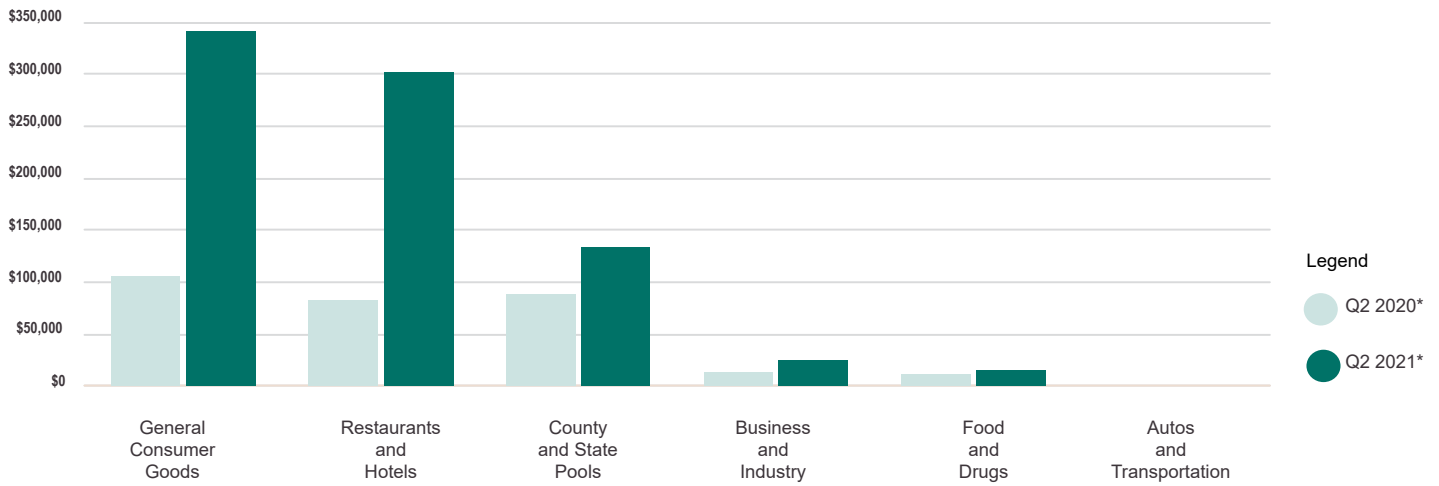


37.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure C

TOTAL: \$1,380,718



CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from April through June were 91.4% above the second sales period in 2020. Excluding late/deferred payments in both periods and other reporting adjustments, receipts for the period were up 170.3%.

At this time last year local businesses saw a 62% drop in sales. This period, the local economy is benefiting from a resurgence in spending by local residents and businesses along with the return of tourism to the area.

As Covid restrictions were being lifted, folks who had been homebound for so long abandoned their kitchens for indoor dining and left their keyboards to shop

inside stores and be among other people and touch what they were buying.

The resurgence in both local and tourist trade took general consumer good sales, which were down 63% a year ago, to a 225% gain this period.

Measure C has now been in effect for 4 quarters so the next period will provide comparative data.

Net of adjustments, taxable sales for all of Monterey County grew 36.2% over the comparable time period while those of the Central Coast region were up 35.3%.



TOP 25 PRODUCERS

- | | |
|--------------------------------------|------------------------------|
| Alvarado Street Brewery & Bistro | Grasings Coastal Cuisine |
| Anthropologie | Il Fornaio |
| Caffe Napoli | J Lawrence Khakis |
| Carmel Classics | La Bicyclette |
| Carmel Shell | La Playa Hotel |
| Casanova Restaurant | L'Auberge Carmel |
| Club | Pangaea |
| Coach | Pocket Carmel |
| Dametra Cafe | Portabella Mediterranean |
| Flahertys Seafood Grill & Oyster Bar | Seventh & Dolores Restaurant |
| Fourtane Estate Jewelers | Tiffany & Co |
| Gh Wilke Jewelers | Treehouse Cafe |
| Girl Boy Girl | |



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

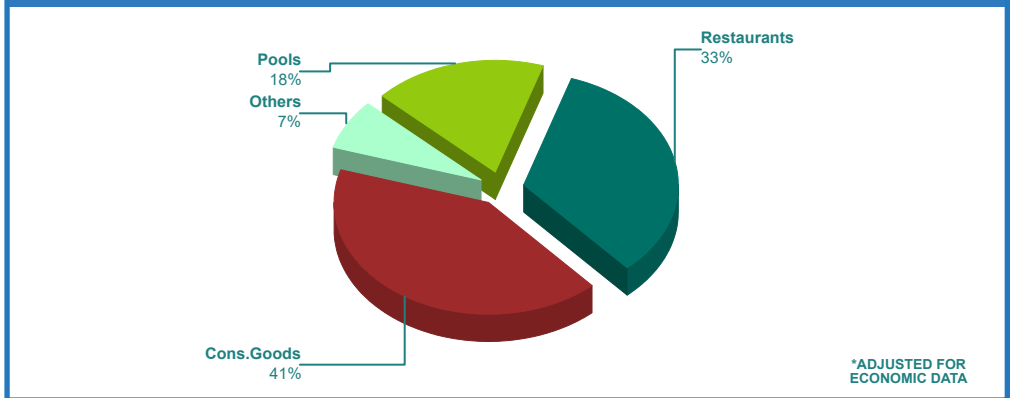
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.

REVENUE BY BUSINESS GROUP
Carmel This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Carmel Business Type	Q2 '21	Change	County Change	HdL State Change
Casual Dining	202,964	247.6% ↑	146.2% ↑	130.3% ↑
Jewelry Stores	96,036	376.5% ↑	324.6% ↑	289.7% ↑
Fine Dining	65,186	361.5% ↑	306.2% ↑	196.1% ↑
Family Apparel	55,000	309.0% ↑	208.2% ↑	230.5% ↑
Women's Apparel	54,108	232.6% ↑	261.5% ↑	266.8% ↑
Art/Gift/Novelty Stores	49,636	102.4% ↑	127.3% ↑	100.2% ↑
Specialty Stores	28,981	272.8% ↑	97.7% ↑	67.8% ↑
Hotels-Liquor	24,956	337.4% ↑	573.0% ↑	473.4% ↑
Wineries	19,556	47.2% ↑	37.8% ↑	45.4% ↑
Home Furnishings	16,269	173.1% ↑	102.6% ↑	88.5% ↑

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