

CITY OF CARMEL

SALES TAX UPDATE

1Q 2021 (JANUARY - MARCH)



CARMEL

TOTAL: \$ 472,574

4.4%
1Q2021



5.2%
COUNTY

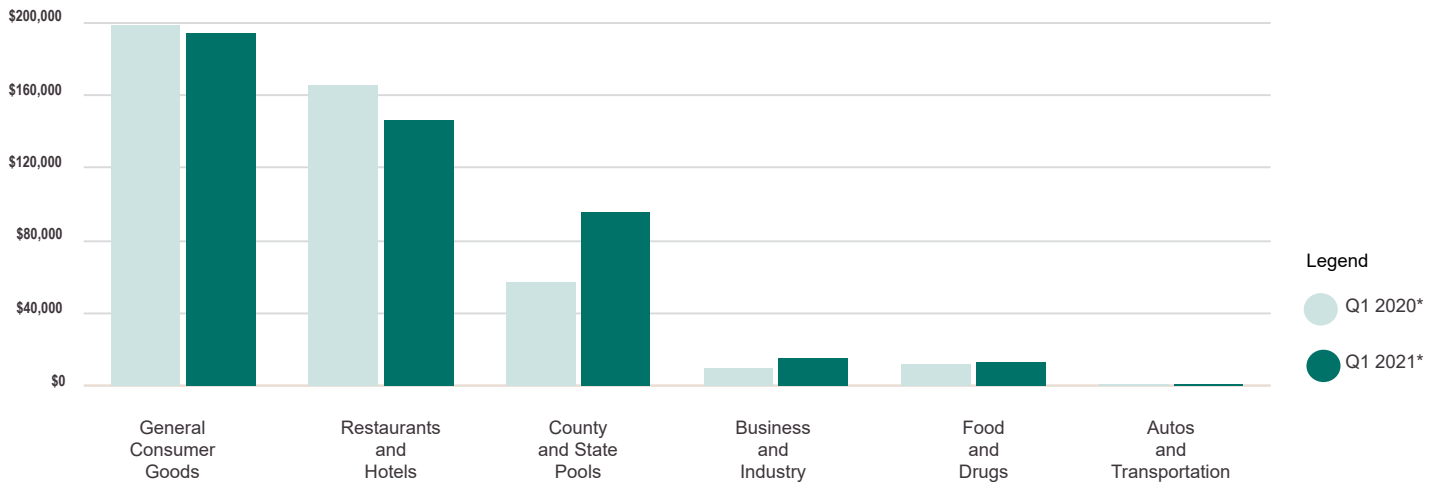


9.5%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure C

TOTAL: \$742,977



CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from January through March were 87.5% above the first sales period in 2020; inflated by payments deferred from the comparable quarter. Excluding reporting aberrations, actual sales were up 4.4%.

West coast locals on road trips were the first to kick start the return of the tourist. Casual dining was only down 5.9% over the comparable quarter and hotels were only down 1.6%. Fine dining was hit the hardest with a 27% decline.

Jewelry stores and specialty stores were two of the groups posting solid gains in general consumer goods; while art stores, women apparel and family

apparel all posted negative results.

E-commerce spending didn't slow down, even after accounting for expected change in taxpayer return filing that pulled some use taxes out of the countywide pool, the City's allocation was up 67%.

Voter-approved Measure C also benefited from the strong online sales and the continued surge in luxury auto sales.

Net of aberrations, taxable sales for all of Monterey County grew 5.2% over the comparable time period; the Central Coast region was up 9.7%.



TOP 25 PRODUCERS

- | | |
|--------------------------------------|--------------------------|
| Alvarado Street Brewery & Bistro | Girl Boy Girl |
| Anthropologie | Grasings Coastal Cuisine |
| Augustina Leathers | J Lawrence Khakis |
| Brunos Market & Delicatessen | La Bicyclette |
| Caffe Napoli | La Playa Hotel |
| Carmel Classics | L'Auberge Carmel |
| Carmel Shell | Mad Dogs & Englishmen |
| Casanova Restaurant | Pocket Carmel |
| Club | Portabella Mediterranean |
| Coach | Stationary |
| Dametra Cafe | Tiffany & Co |
| Flahertys Seafood Grill & Oyster Bar | Treehouse Cafe |
| Fourtane Estate Jewelers | |



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring January through March, was 9.5% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The Shelter-In-Place directive began one year ago which had the impact of immediate store and restaurant closures combined with remote/work from home options for employees which significantly reduced commuting traffic and fuel sales. When comparing to current period data, percentage gains are more dramatic. Furthermore, this pandemic dynamic combined with the Governor’s first Executive Order of last spring allowing for deferral of sales tax remittances explained why non-adjusted cash results were actually up 33%.

These initial recovery gains were not the same everywhere. Inland regions like Sacramento, San Joaquin Valley, Sierras, Far North and the Inland Empire area of Southern California performed much stronger than the Bay Area, Central Coast and metro areas of Southern California.

Within the results, solid performance by the auto-transportation and building-construction industries really helped push receipts higher. Weak inventories and scarcity for products increased the taxable price of vehicles (new & used), RV’s, boats and lumber which appeared to be a major driving force for these improved returns. Even though e-commerce sales activity continued to rise, brick and mortar general consumer retailers also showed solid improvement of 11% statewide.

An expected change occurred this quarter as a portion of use tax dollars previously distributed through the countywide pools was redirected to specific local jurisdictions.

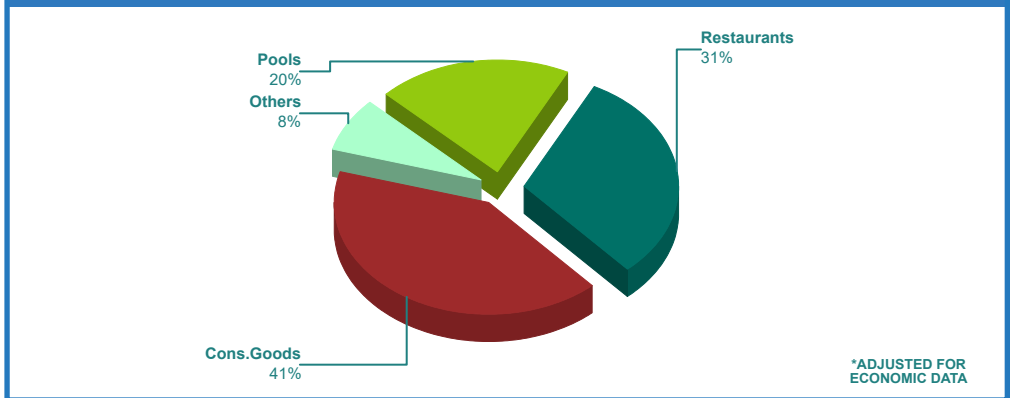
Changes in business structure required a taxpayer to determine where merchandise was inventoried at the time orders were made. Therefore, rather than apportion sales to the county pool representing where the merchandise was shipped, goods held in California facilities required allocations be made to the agency where the warehouse resides. With this modification, the business and industry category jumped 18% inclusive of steady gains by fulfillment centers, medical-biotech and garden-agricultural suppliers. Even after the change noted, county pools surged 18% which demonstrated consumers continued desire to make purchases online.

Although indoor dining was available in

many counties, the recovery for restaurants and hotels still lagged other major categories. Similarly, while commuters and travelers slowly began returning to the road, the rebound for gas stations and jet fuel is trailing as well. Both sectors are expected to see revenues climb in the coming quarters as commuters and summer tourism heats up.

Looking ahead, sustained growth is anticipated through the end of the 2021 calendar year. As a mild head wind, pent up demand for travel and experiences may begin shifting consumer dollars away from taxable goods; this behavior modification could have a positive outcome for tourist areas within the state.

REVENUE BY BUSINESS GROUP
Carmel This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Carmel Business Type	Q1 '21	Change	County Change	HdL State Change
Casual Dining	99,004	-5.9% ↓	-19.2% ↓	-18.9% ↓
Jewelry Stores	50,302	7.5% ↑	12.0% ↑	32.3% ↑
Art/Gift/Novelty Stores	35,177	-0.5% ↓	12.2% ↑	-1.3% ↓
Women's Apparel	31,962	-15.6% ↓	-6.3% ↓	-2.4% ↓
Fine Dining	28,405	-27.2% ↓	-43.3% ↓	-33.2% ↓
Family Apparel	24,625	-9.1% ↓	24.9% ↑	20.5% ↑
Specialty Stores	16,605	21.3% ↑	13.5% ↑	9.0% ↑
Hotels-Liquor	13,194	-1.6% ↓	-59.9% ↓	-72.1% ↓
Wineries	12,073	26.8% ↑	-16.6% ↓	0.8% ↑
Home Furnishings	11,970	-13.2% ↓	15.8% ↑	19.3% ↑

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