

CITY OF CARMEL

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



CARMEL

TOTAL: \$ 979,599

59.8%
3Q2021



17.7%
COUNTY

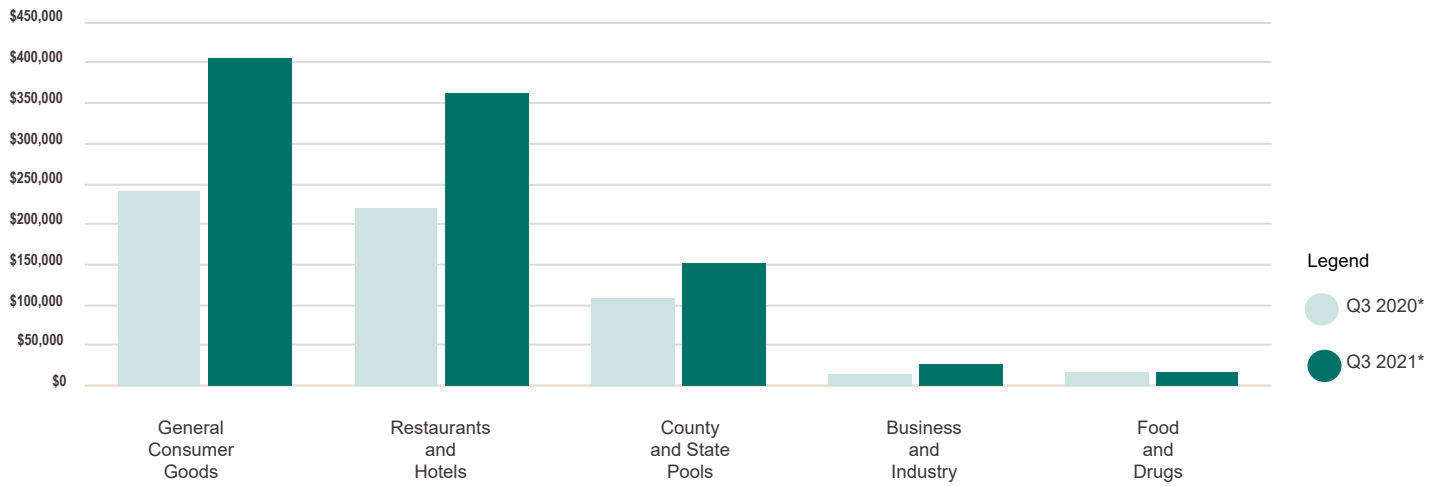


18.3%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure C

TOTAL: \$1,626,398

↑ 55.0%



CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from July through September were 64.4% above the third sales period in 2020. After reporting modifications, actual sales were up 59.8%. Overall place of sale collections soared 64% compared to the extreme lows of a year ago. All major sales tax categories experienced significant increases.

The summer months of 2021 reflected a continued resurgence of area tourism and consumer confidence. General consumer goods shot up 67%, suggesting a return to in-store shopping and consumer spending as people felt safer with the roll-out of vaccines. Sales in apparel, art/novelty items and jewelry helped drive these results. Casual dining,

fine dining and hotels roared back as people once again enjoyed dining out and traveling.

The City's share of the countywide use tax pool allocations jumped 50.3%. The pools remain a solid source of revenue, boosted by taxes on online purchases as people embrace the convenience of e-commerce.

Merchandise sales and dining/hotel activity contributed to gains in voter-approved Measure C. Net of aberrations, taxable sales for all of Monterey County grew 17.7% over the comparable time period; the Central Coast region was up 16.5%.



TOP 25 PRODUCERS

- Alvarado Street Brewery & Bistro
- Anthropologie
- Caffe Napoli
- Carmel Classics
- Casanova Restaurant Club
- Dametra Cafe
- Flahertys Seafood Grill & Oyster Bar
- Fourtane Estate Jewelers
- Girl Boy Girl
- Grasings Coastal Cuisine
- Hogs Breath Inn
- Il Fornaio
- J Lawrence Khakis
- La Bicyclette
- La Playa Hotel
- L'Auberge Carmel
- Lloyds Shoes
- Mad Dogs & Englishmen
- Pangaea
- Pocket Carmel
- Portabella Mediterranean
- Seventh & Dolores Restaurant
- Tiffany & Co
- Treehouse Cafe



STATEWIDE RESULTS

Local one cent sales and use tax receipts for sales occurring July through September were 18% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These aberrations had been much greater than normal in the last two years as the Governor’s Executive Orders allowed businesses to defer some sales tax payments as a supportive measure during the pandemic. This program has now expired, and merchant remittances are more consistent, making cash receipts more reflective of underlying economic activity.

The prior year comparison quarter was the start of the pandemic recovery, and the strong growth enjoyed since continued with the recent results.

Surprisingly, one of the stronger sectors has been restaurants and hotels. Originally forecasted to take an extended amount of time to recover, statewide sales tax generated during the summer months exceeded amounts from pre-pandemic 2019. Even with the availability of indoor and outdoor dining, pent up demand resulted in long wait times to enjoy local culinary experiences. When combined with increasing restaurant tabs as the cost of food and staff wages surge, sales tax remittances are expected to continue growing. Additionally, while the industry awaits the return of foreign tourism in metropolitan areas, strong domestic travel has helped varied regions around the state especially Southern California and the Central Coast.

Receipts from general consumer goods marked a steady recovery, led by apparel retailers, jewelry, electronic/appliance and specialty outlets. Discount department stores, especially those selling gas, helped exemplify the strength of brick-and-mortar

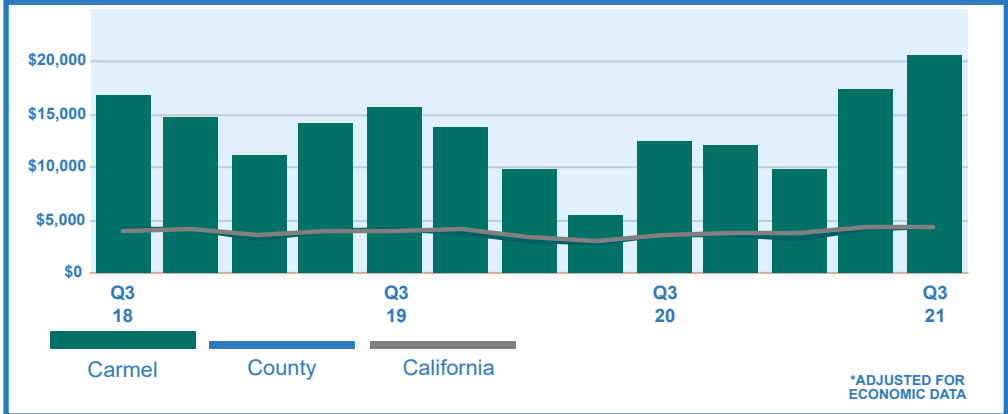
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome sign leading up to the holiday shopping period.

Although car dealers had expressed concerns about inventory shortages due to supply chain disruptions and computer chip shortages earlier in the year, the sale of new and used vehicles posted solid gains regardless. Higher property values and good weather contributed to strong building

materials and contractor returns. As commuting workers and travelers returned to the road with increased gas prices, fuel and service stations also experienced a dramatic recovery.

Overall growth is expected to continue through the end of the 2021 calendar year. Possible headwinds into 2022 include: pent up demand for travel and experiences shifting spending away from taxable goods; higher prices for fuel, merchandise and services displacing more of consumer’s disposable income; and expected interest rate hikes resulting in more costly financing for automobiles, homes, and consumer loans.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Carmel Business Type	Q3 '21	Change	County Change	HdL State Change
Casual Dining	240,100	61.9% ↑	68.1% ↑	68.4% ↑
Jewelry Stores	99,861	93.9% ↑	83.9% ↑	38.0% ↑
Fine Dining	79,747	71.5% ↑	86.1% ↑	84.4% ↑
Family Apparel	74,033	83.0% ↑	49.9% ↑	38.9% ↑
Women's Apparel	66,219	73.1% ↑	73.9% ↑	67.9% ↑
Art/Gift/Novelty Stores	58,127	35.9% ↑	36.5% ↑	35.8% ↑
Specialty Stores	34,668	60.5% ↑	24.4% ↑	21.4% ↑
Hotels-Liquor	33,110	82.7% ↑	162.2% ↑	165.7% ↑
Home Furnishings	21,593	27.5% ↑	31.6% ↑	11.0% ↑
Wineries	18,824	30.3% ↑	32.2% ↑	26.0% ↑

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