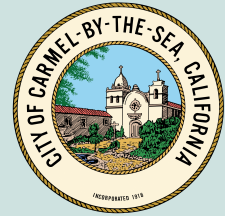


# CITY OF CARMEL

## SALES TAX UPDATE

### 4Q 2023 (OCTOBER - DECEMBER)



**CARMEL**

TOTAL: \$ 918,252

5.5%  
4Q2023



-2.7%  
COUNTY

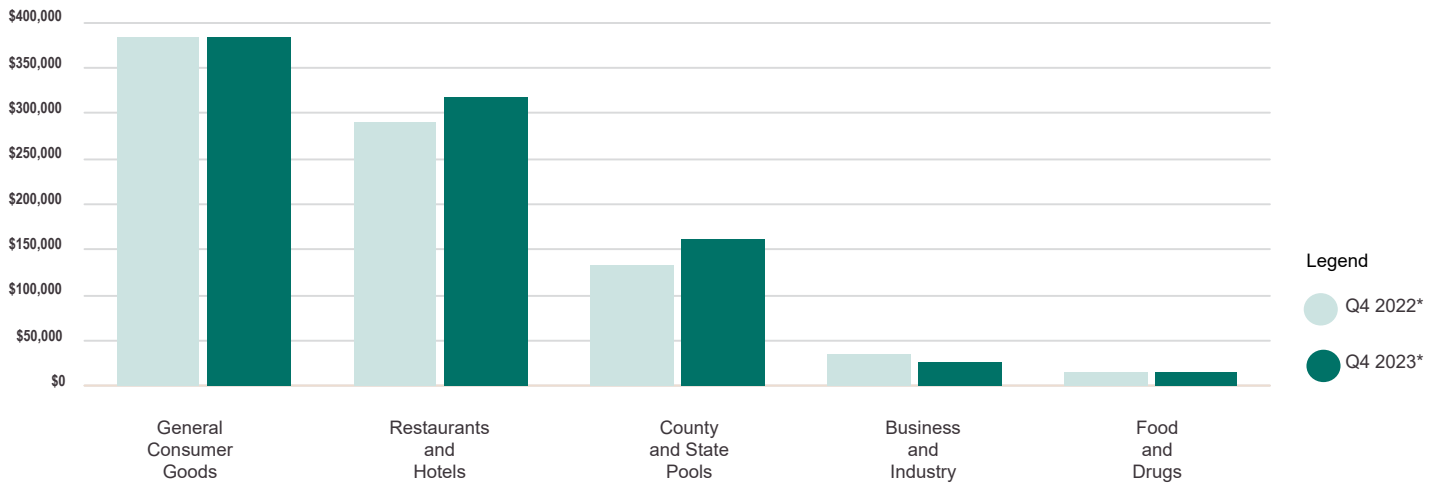


-2.5%  
STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### Measure C

TOTAL: \$1,643,092

8.9%



### CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from October through December were 12.4% above the fourth sales period in 2022. Excluding reporting aberrations, actual sales were up 5.5%.

As patrons enjoy eating out at casual and fine dining establishments, these businesses continue to benefit from solid gross receipts. State-county pools, the City's third largest income classification, was exceptional with a 21.2% return that benefitted from seasonal transactions, which enhanced the County pool.

General consumer goods growth slowed down at art-gift-novelty and

home furnishing stores; consumers are becoming more cautious and frugal. Furthermore, the business-industry group saw negative earnings from wineries during this period.

Measure C, the voter-approved transaction tax, had encouraging gross receipts with an 8.9% return which was contributed mostly to the restaurants-hotels and building-construction sectors.

Net of aberrations, taxable sales for all of Monterey County declined 2.7% over the comparable time period; the Central Coast region was down 1.4%.



### 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                      | Lloyds Shoes                 |
| Chez Noir                            | Pocket Carmel                |
| Club                                 | Portabella Mediterranean     |
| Coach                                | Seventh & Dolores Restaurant |
| 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 during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women’s apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

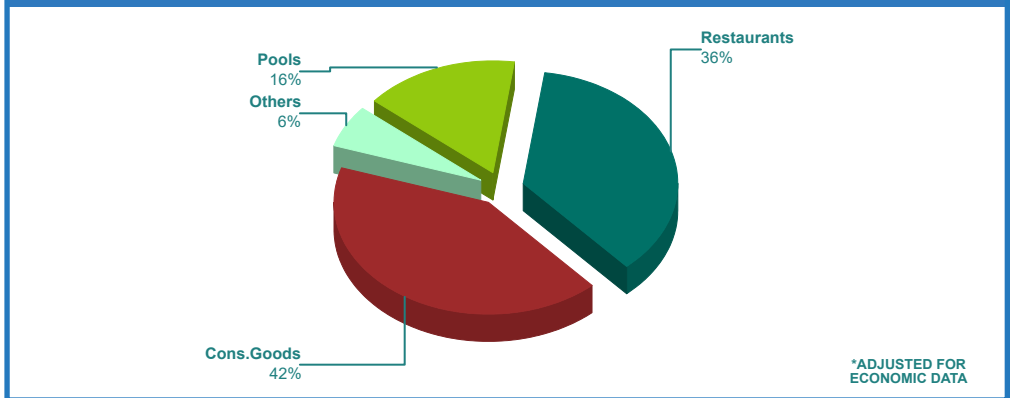
Even though revenue from most major sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for ‘fast food restaurants’, on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady,

pool collections contracted more taxes allocated directly to local agencies via in-state fulfillment and through existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.

### REVENUE BY BUSINESS GROUP Carmel This Calendar Year\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Carmel Business Type	Q4 '23	Change	County Change	HdL State Change
Casual Dining	211,798	13.3% ↑	0.4% ↑	1.8% ↑
Jewelry Stores	100,443	2.6% ↑	-0.1% ↓	-2.2% ↓
Family Apparel	69,035	11.1% ↑	-0.8% ↓	-0.4% ↓
Women's Apparel	65,302	6.8% ↑	1.6% ↑	-6.2% ↓
Fine Dining	62,207	2.2% ↑	-5.5% ↓	-4.7% ↓
Art/Gift/Novelty Stores	46,070	-6.9% ↓	-7.9% ↓	-7.2% ↓
Specialty Stores	28,970	-2.5% ↓	-3.1% ↓	-2.1% ↓
Hotels/Motels	28,937	-12.0% ↓	3.7% ↑	0.9% ↑
Home Furnishings	24,506	-24.2% ↓	-14.0% ↓	-10.1% ↓
Wineries	20,992	-15.0% ↓	-3.5% ↓	-5.7% ↓

\*Allocation aberrations have been adjusted to reflect sales activity