

Q4 2019



El Dorado County Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2019)

El Dorado County In Brief

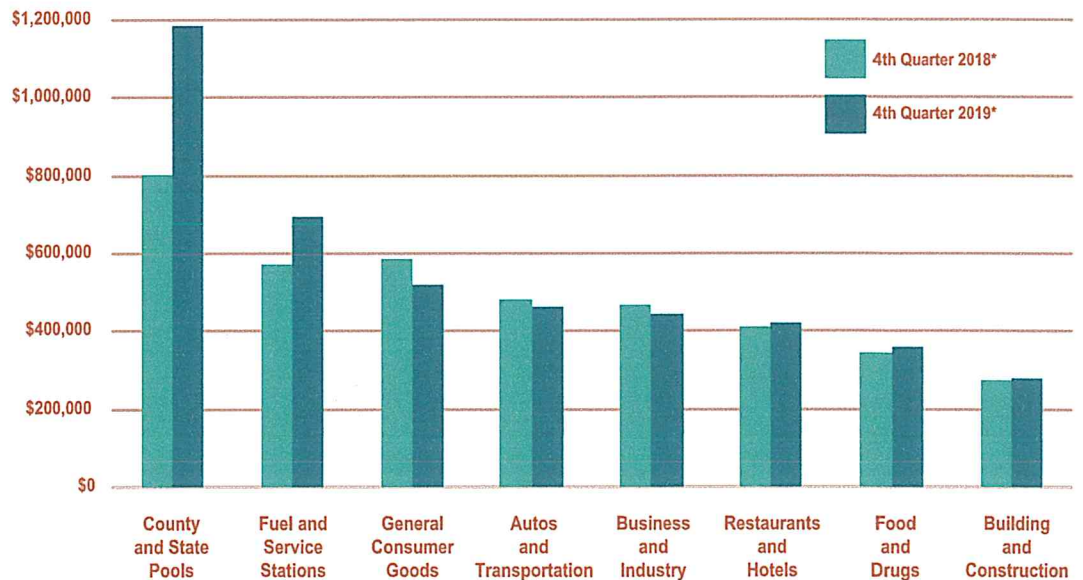
The unincorporated area's receipts from October through December were 12.5% above the fourth sales period in 2018. Excluding reporting aberrations, actual sales were up 10.6%.

The full implementation of AB 147 (Wayfair- Marketplace Facilitators) boosted the unincorporated area's allocation from the countywide use tax pool by 47.7%. This good news mitigated some of the declines from point of sale for the quarter and furthered the overall gains for the quarter.

New outlets and one time allocations continue to boost the fuel-services station group while store closures and slowing sales contributed to the declines in general consumer goods. Autos-transportation were also brought down by slowing sales while business-industry declines were the result of a spike in the comparable quarter.

Net of aberrations, taxable sales for all of El Dorado County grew 6.6% over the comparable time period; the Sacramento region was up 3.8%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Musco Sports Lighting
Broadridge Output Solutions	My Goods Market
Cameron Park 76	Nim Equipment Leasing Inc
Chevron	Raley's
Crystal View Station	Safeway
CVS Pharmacy	Safeway Fuel
Daimler Trust	Shell
Express Fuel	Shingle Springs Honda
Green Valley Arco	Shingle Springs Nissan Subaru
Lees Feed & Western Store	Target
Meeks Building Center	TJ Maxx
Mercedes Benz of El Dorado Hills	Walmart
Mountain F Enterprises	

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date (Q3 to Q4)

	2018-19	2019-20
Point-of-Sale	\$6,885,978	\$6,550,271
County Pool	1,505,954	1,984,713
State Pool	3,683	3,260
Gross Receipts	\$8,395,615	\$8,538,244

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California Overall

Statewide sales and use tax receipts from 2019's fourth quarter were 4.2% higher than last year's holiday quarter after factoring for accounting anomalies.

The increase came from the acceleration in online shopping which generated huge gains in the countywide use tax pools for merchandise shipped from out-of-state and from California based fulfillment warehouses in those cases where the warehouse is also point-of-sale. This segment was further boosted by the first full quarter of California's implementation of the Wayfair vs South Dakota ruling that requires out-of-state retailers to collect and remit sales tax on merchandise sold to California customers. The ruling has led to an increase in sales tax receipts of roughly \$2.95 per capita while also producing double digit gains for in-state online fulfillment centers.

In contrast, soft sales and closeouts resulted in a decline in almost every category of brick-and-mortar spending during the holiday season while new cannabis retailers helped boost what would have been a soft quarter for the food-drug group. Most other sales categories including new cars and business-industrial purchases were also down. Restaurant group gains were modest compared to previous quarters.

Overall, the rise in county pool receipts offset what would have been otherwise, a flat or depressed quarter for most jurisdictions.

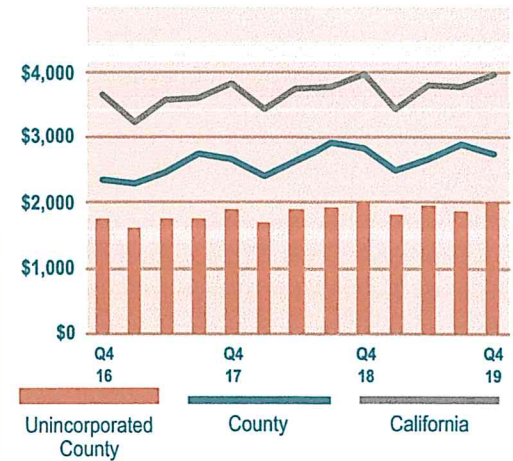
Covid-19

The coronavirus impact will first be seen in next quarter's data reflecting January through March sales. Based on recovery rates being reported in some Asian countries, the virus's disruption of supply chains will be deepest in the first and second quarter and largely resolved by mid-summer. However, recovery from social distancing and home confinements could take longer

with the deepest tax declines expected in the restaurant/hospitality, travel/transportation and brick-and-mortar retail segments. Layoffs and furloughs are also expected to reduce purchases of new cars and other high cost durable goods. The losses from the state's high-tech innovation industries may be more modest while the food-drug and online retail groups could exhibit increases.

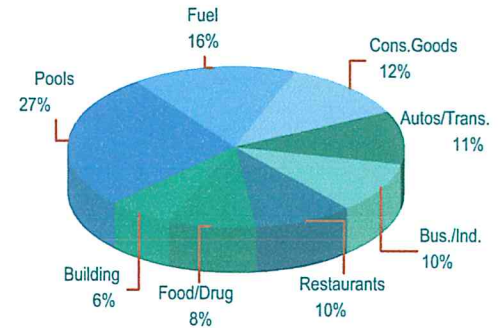
Assuming that the virus is largest contained by the end of September, HdL's economic scenario projects that tax declines will bottom out in the first quarter of 2021 but with only moderate gains for several quarters after. Data from previous downturns suggests that the return to previous spending is not immediate and often evolves. Businesses emerge with ways to operate with fewer employees and more moderate capital investment. Consumers take time to fully get back to previous levels of leisure travel, dining and spending and may permanently transfer to newly discovered services, activities and/or online retail options.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP
El Dorado Co. Uninc This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

EL DORADO COUNTY TOP 15 BUSINESS TYPES**

Business Type	Unincorporated County		County	HdL State
	Q4 '19*	Change	Change	Change
Auto Repair Shops	53.5	-7.7%	-6.1%	-1.0%
Automotive Supply Stores	68.6	15.5%	11.8%	0.6%
Building Materials	109.1	5.9%	2.8%	1.4%
Business Services	138.8	2.5%	2.6%	-6.0%
Casual Dining	248.9	0.4%	-3.1%	3.8%
Contractors	91.6	-22.6%	-16.4%	-4.5%
Discount Dept Stores	— CONFIDENTIAL —	—	-13.5%	3.6%
Fuel/Ice Dealers	63.4	130.9%	107.5%	1.8%
Garden/Agricultural Supplies	68.4	10.8%	6.8%	-0.4%
Grocery Stores	220.9	5.5%	-11.1%	1.3%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-6.4%	-3.4%
Plumbing/Electrical Supplies	69.9	51.7%	35.2%	-0.7%
Quick-Service Restaurants	94.4	4.5%	-0.7%	1.9%
Service Stations	610.9	16.5%	14.2%	0.2%
Specialty Stores	62.2	-24.5%	-21.5%	-3.8%
Total All Accounts	3,182.1	1.2%	-1.3%	0.2%
County & State Pool Allocation	1,185.1	47.7%	38.8%	26.7%
Gross Receipts	4,367.2	10.6%	6.6%	4.2%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.