

EL DORADO COUNTY UNINC.

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



EL DORADO COUNTY

TOTAL: \$ 4,887,990

-3.7%

COUNTY UNINC.



-5.1%

COUNTY



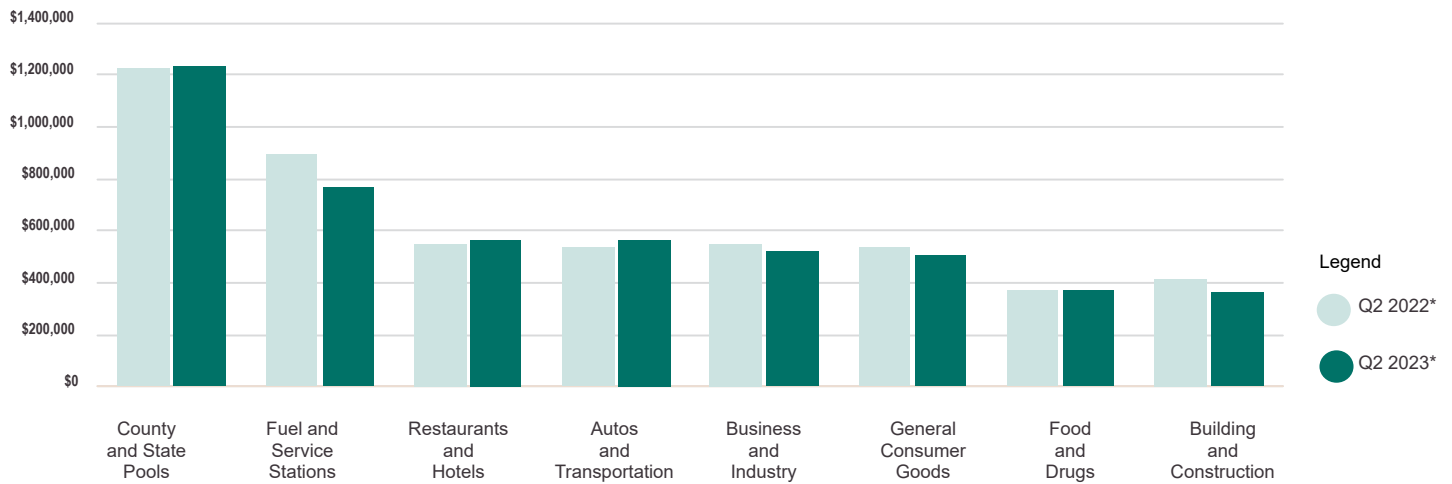
-3.0%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



EL DORADO COUNTY UNINCORPORATED HIGHLIGHTS

The unincorporated area's gross receipts from April through June 2023 were 2.9% below the second sales period in 2022. However, after accounting for reporting modifications such as audit corrections and delayed payments, actual sales were down 3.7%. Sales softened in multiple sectors as economic factors influenced some buying decisions during the spring months.

On the positive, sales in the autos-transportation sectors boosted results almost 9% compared to last year. Restaurants-hotels jumped up with locals and visitors enjoying the experience of dining out at casual and quick service eateries - as well as visiting leisure/entertainment venues. Taxable grocery store purchases boosted the food-drugs returns. Even though the countywide use tax pool declined due to waning

e-commerce - the unincorporated area's share grew and resulted in a 0.3% bump in related allocations.

Conversely, and as expected, adjustments to the price of crude oil after all-time highs caused a 13.9% drop in fuel-service station receipts - similar to statewide trends. Although business-to-business activity and winery sales were stable - declines in other business-industry pulled the overall results down. Lower building material sales and a slowing in contractor activity pushed down building-construction revenues. While some retail sectors posted solid returns - cautious consumers spent less causing a dip in general consumer goods.

Net of adjustments, taxable sales for all of El Dorado County declined 5.1% over the comparable time period; the Sacramento region was down 2.2%.



TOP 25 PRODUCERS

- 7 Eleven
- Arco AM PM
- Broadridge Output Solutions
- Chevron
- CVS Pharmacy
- Dawson Oil
- El Dorado Truss
- Express Fuel
- Green Valley Arco
- Holiday Quality Foods
- Lees Feed & Western Store
- McDonald's
- Meek's Lumber & Hardware
- Mercedes Benz Of El Dorado Hills
- My Goods Market
- Quik Stop
- Safeway
- Safeway Fuel
- Shingle Springs Honda
- Shingle Springs Subaru
- Target
- TJ Maxx
- True Value Hardware
- Valero
- Walmart



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

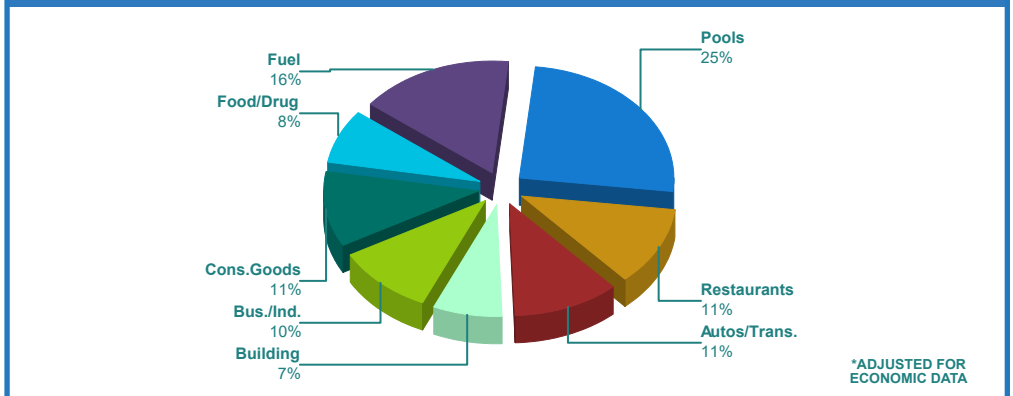
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

REVENUE BY BUSINESS GROUP
El Dorado Co. Uninc This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q2 '23*	Change	County Change	HdL State Change
Service Stations	713.1	-14.4% ↓	-13.3% ↓	-19.9% ↓
Casual Dining	341.1	5.0% ↑	2.8% ↑	4.5% ↑
Grocery Stores	225.1	6.2% ↑	3.0% ↑	2.9% ↑
Business Services	174.6	0.8% ↑	1.4% ↑	-1.5% ↓
Contractors	150.7	-6.4% ↓	-9.0% ↓	-2.8% ↓
Building Materials	142.4	-1.4% ↓	-9.1% ↓	-7.8% ↓
Quick-Service Restaurants	103.1	4.6% ↑	5.3% ↑	3.2% ↑
Garden/Agricultural Supplies	101.2	3.7% ↑	-14.3% ↓	-2.7% ↓
Automotive Supply Stores	71.5	2.0% ↑	-10.9% ↓	3.3% ↑
Specialty Stores	66.9	-11.2% ↓	-9.1% ↓	-1.3% ↓

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars