

Q1 2020



El Dorado County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2020)

El Dorado County In Brief

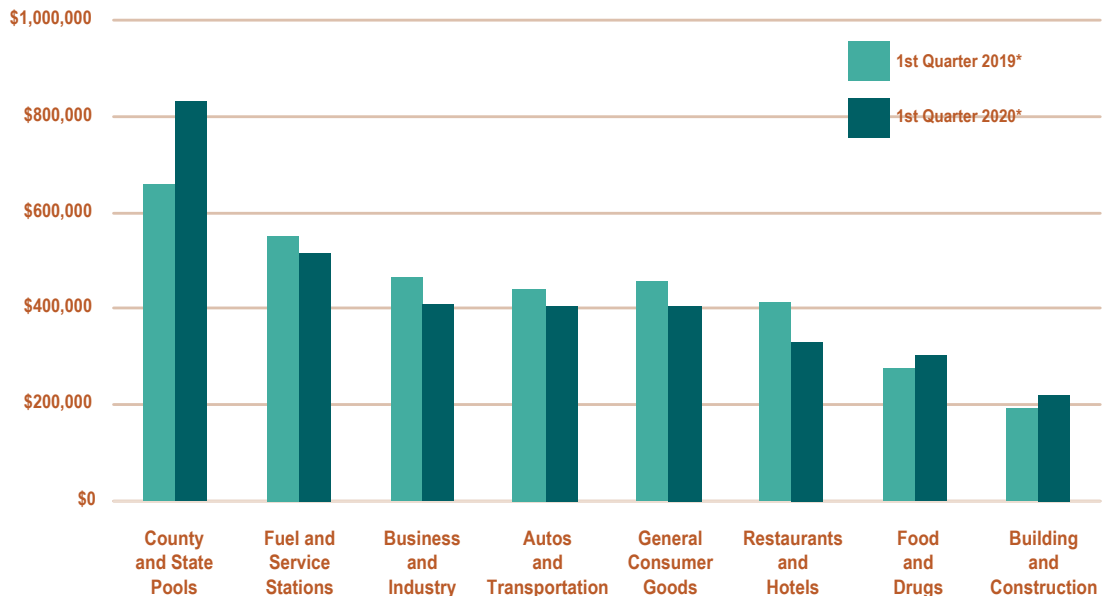
The unincorporated area's receipts from January through March were 15.9% below the first sales period in 2019; much of this decline was caused by businesses were permitted an extra 90-days to file tax returns under the Governor's recent Executive Order. Excluding reporting aberrations, actual sales were down 1.0%.

County officials declared a shelter-in-place in mid-March; numerous businesses temporarily closed. Casual dining and quick service restaurants both posted large tax reductions. Service stations suffered from fewer drivers and plummeting fuel prices. Autos/transportations posted decline of 8.2%.

Grocery stores and building supply stores were bright spots, both posted strong gains. The unincorporated area's allocation from the countywide pool grew 25.8%; the growth in the pool can be attributed to new revenue from the Wayfair decision and increase in online shopping.

Net of aberrations, taxable sales for all of El Dorado County declined 2.1% over the comparable time period; the Sacramento region was down 1.2%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Meek's Building Center
Broadridge Output Solutions	Mercedes Benz of El Dorado Hills
Cameron Park 76	My Goods Market
Crystal View Station	NLM Equipment Leasing
CVS Pharmacy	Quik Stop
Daimler Trust	Safeway Fuel
Express Fuel	Shell
Golden State Flow Measurement	Shingle Springs Honda
Green Valley Arco	Shingle Springs Nissan Subaru
Heavenly Valley Cal Base Lodge	Sierra at Tahoe
Holiday Quality Foods	Target
Lees Feed & Western Store	True Value Hardware
	Walmart

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2018-19	2019-20
Point-of-Sale	\$9,735,044	\$8,809,080
County Pool	2,235,897	2,734,307
State Pool	5,446	5,444
Gross Receipts	\$11,976,387	\$11,548,831

Statewide Results

With stay at home/non-essential business restrictions in place during the last two weeks of the quarter, local one cent tax revenues for the state overall, were 18.8% lower than January to March of 2019. Taxpayer relief programs accounted for much of the decline with receipts down roughly 3.1% after factoring for payment deferrals and other accounting anomalies.

Severe drops in auto sales, general consumer goods, service stations and restaurants were largely offset by new revenue from implementation of the Wayfair v. South Dakota decision that now requires out-of-state retailers to collect and remit Californian's sales and use tax. Other offsets included a surge in online shopping that boosted receipts from the county use tax allocation pools and from online retailers who maintain and ship their inventory from within California.

The food/drug sector also showed strong gains as did many home supply, dollar and discount stores that remained open during the shutdown.

New Challenges & Opportunities

Current indicators suggest that overall tax receipts for the April thru June sales period will bottom out at 27% below the second quarter of 2019. The speed of the rebound in sales activity will be dependent on the availability of adequate testing, treatment therapies and ultimately a vaccine. Until then, physical distancing, COVID-19 protocols and supply chain disruptions will create limitations on some operating capacities and the return to work of all employees. Health fears, discounts and liquidation sales may also keep sales tax revenues below pre-pandemic levels until solutions are in place.

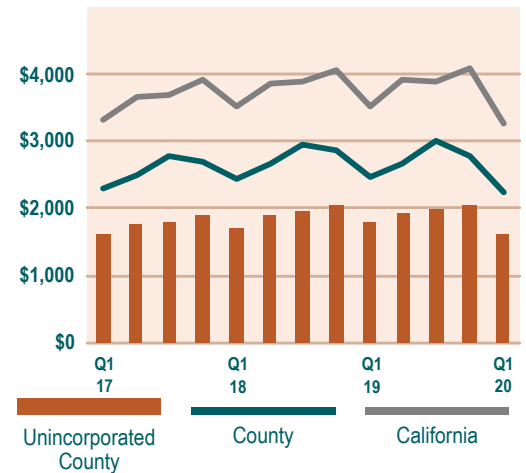
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

Over expansion, excessive debt and consumer shifts to online shopping were already resulting in bankruptcies with estimates of up to 25,000 brick-and-mortar store closings by the end of 2020. "Touch and feel" shopping is not going away but retailers see an evolution where in-store shopping is more leisure/recreational oriented with smaller stores offering more show-rooming and delivery/pick-up services. The smaller footprints and lifestyle emphasis offer opportunities to reinstate downtowns and neighborhood centers as economic/social gathering places.

The Pandemic's capture of new online customers and the growing trend of manufacturers and entrepreneurs with new concepts to bypass physical stores and sell directly to the consumer also expands options for agencies without large market populations to generate sales tax through industrial development.

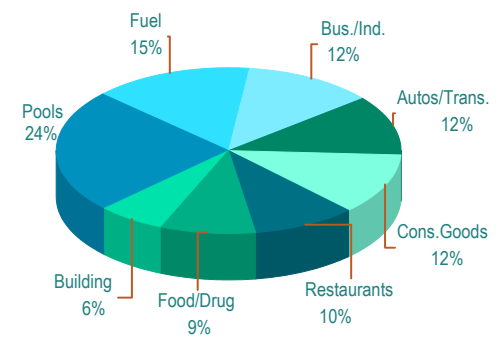
Finally, the Pandemic's disruption of supply chains has also accelerated growing dissatisfaction with overseas arrangements and some reshoring will occur which offers opportunities to leverage a city's existing business base to attract compatible support industries.

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
	Q1 '20*	Change	Change	Change
Auto Repair Shops	52.0	2.2%	-1.0%	-7.5%
Automotive Supply Stores	57.0	-7.2%	-2.9%	-9.5%
Building Materials	89.2	19.9%	3.0%	3.0%
Business Services	134.8	14.7%	14.8%	-13.6%
Casual Dining	179.1	-23.0%	-25.4%	-18.8%
Contractors	76.2	4.7%	4.6%	3.2%
Discount Dept Stores	— CONFIDENTIAL —	—	-4.5%	3.2%
Garden/Agricultural Supplies	55.5	9.6%	5.5%	12.0%
Grocery Stores	182.8	15.8%	10.3%	11.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-2.6%	-10.6%
Plumbing/Electrical Supplies	49.1	18.6%	18.6%	1.5%
Quick-Service Restaurants	70.3	-15.7%	-17.8%	-8.5%
Service Stations	471.3	-8.5%	-8.7%	-9.5%
Specialty Stores	49.8	-13.0%	-12.9%	-10.1%
Sporting Goods/Bike Stores	70.9	-16.8%	-15.2%	-10.3%
Total All Accounts	2,600.9	-7.3%	-8.0%	-7.3%
County & State Pool Allocation	828.8	25.8%	22.8%	22.4%
Gross Receipts	3,429.7	-1.0%	-2.1%	-3.0%

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