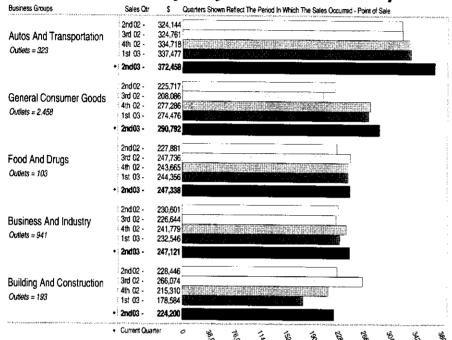


EL DORADO COUNTY SALES TAX

Third Quarter Receipts for Second Quarter Sales (Apr. - June 2003)

Publication Date: October 2003 The HdL Companies (www.hdlcompanies.com)

Sales Tax By Major Business Group



Top 25 Producers Listed Alphabetically

Albertsons Bel Air Mart Cameron Park Exxon Dave's Rent A Car **Digital Technology Solutions** El Dorado Dodge Lincoln Mercury El Dorado Hills Chevron Family Chevrolet Cad Oldsmobile Frontier Dental Labs **KMart** Lee's Feed & Western Store Longs Meeks Building Center Mercedes Benz of El Dorado Hills Nor Cal Readymix Nu Star Motors Raleys Safeway Shingle Springs Honda Shingle Springs Nissan Subaru Sundance Spa & Health Texaco Tom's Sierra Fuel Tower Mart

Wal Mart

Sales Tax Notes

Statewide Sales -Economic Outlook

Adjusted for accounting aberrations, the second quarter's statewide sales grew approximately 3.5% over last year's comparable quarter. About 30% of the gain was new cars with discount department stores, family apparel and lumber/building materials also exhibiting strong growth. The gains continued to be regionally specific with continuing declines in the North Bay offsetting growth in Southern California and the San Joaquin and Sacramento Valleys.

Although stabilized and in a recovery mode, the current rate of growth is not expected to be significant enough to help California with its current budget problems according to the latest UCLA Anderson Forecast. Continued unemployment in the North Bay region and government layoffs in

This Quarter

The unincorporated area's third quarter receipts for April through June sales were 10.9% higher than the same quarter one year ago. Actual sales tax activity was up 6.8% when one-time adjustments that skewed comparisons of service stations, grocery stores, light industrial equipment and bulk fuel products are factored out.

Strong sales and previous additions to new cars, discount department stores, supermarkets and health service categories all contributed to the increase in real sales. The gains were partially offset by a decline in some categories of building materials and business-to-business sales.

Gross receipts for all of El Dorado County including its cities, increased 5.8% over the comparable time period while the Sacramento region as a whole, was up 6.7%.

Sacramento are expected to offset gains in Southern California. Slow job growth is predicted until 2005 when a five-year spurt that will outpace the nation is predicted.

Tax Simplification

Twenty states have now adopted legislation conforming to a model interstate agreement to create greater uniformity in imposing and collecting sales and use tax. With adoption by North Carolina, the project appears to have met its implementation threshold of least 20% of the population of the 45 states imposing sales tax.

The project's Governing Board is expected to have certified that the 20 states are in compliance with the model agreement in time for implementation in mid-2004. Congressional authorization to collect use tax on out-of-state catalog and Internet sales will be the next goal. Previous attempts

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Top 20 Business Categories

Business Type	Outlets	2nd Qtr '03	2nd Qtr '02	Percent Change	Percent of Total		
					Unincorp	County	State
New Motor Vehicle Dealers	6	226,348	156,818	44.3%	13.0%	15.3%	13.8%
Service Stations	29	179,078	155,201	15.4%	10.3%	9.0%	6.1%
Discount Dept Stores	16	143,551	70,091	104.8%	8.3%	5.6%	5.6%
Grocery Stores Liquor	12	115,878	101,765	13.9%	6.7%	6.8%	3.0%
Contractors	124	95,383	97,769	-2.4%	5.5%	4.4%	3.2%
Lumber/BuildingMaterials	30	68,417	71,762	-4.7%	3.9%	3.2%	4.9%
Grocery Stores Beer/Wine	29	65,227	55,240	18.1%	3.8%	2.8%	1.3%
Fast Food	102	58,553	59,765	-2.0%	3.4%	4.7%	4.5%
Business Services	158	55,898	62,808	-11.0%	3.2%	1.9%	1.5%
Light Industrial/Printers	170	53,741	45,914	17.0%	3.1%	2.0%	3.9%
Restaurants Beer And Wine	62	48,262	42,612	13.3%	2.8%	3.3%	2.4%
Hardware Stores	22	45,917	42,697	7.5%	2.6%	2.1%	0.7%
Automotive Supply Stores	73	44,720	41,805	7.0%	2.6%	2.3%	1.2%
Drug Stores	6	42,140	45,409	-7.2%	2.4%	2.5%	1.4%
Used Automotive Dealers	28	41,499	50,837	-18.4%	2.4%	1.8%	1.5%
Specialty Stores	724	34,019	41,056	-17.1%	2.0%	2.4%	3.2%
Auto Repair Shops	115	33,594	45,785	-26.6%	1.9%	1.9%	1.2%
Farm Products/Equipment	68	32,496	35,479	-8.4%	1.9%	1.1%	0.6%
Garden Supplies	45	27,993	27,920	0.3%	1.6%	1.1%	0.7%
Restaurants Liquor	34	24,842	29,583	-16.0%	1.4%	2.8%	2.9%
Retail Stores	2,173	1,317,701	1,150,345	14.5%	75.9%	79.9%	76.4%
Non-Store/Part Time Retailers	871	27,130	29,248	-7.2%	1.6%	1.2%	0.7%
Business, Service & Repairs	712	166,166	171,079	-2.9%	9.6%	8.3%	7.4%
All Other Outlets (Industrial)	541	225,390	204,829	10.0%	13.0%	10.6%	15.5%
Total All Accounts	4,297	1,736,387	1,555,501	11.6%	-		70
County & State Pool Allocation		373,384	346,518	7.8%			
Gross Receipts		2,109,771	1,902,019	10.9%			

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have been opposed by retailers concerned with inconsistent sales tax rules and regulations.

Also, with the recent adoption of SB157 (Bowen), California will appoint a board to review whether to join the other states in adopting the streamlined sales and use tax model.

"Triple Flip" to Rip!

Barring legal action, the state will reduce the local share of sales and use tax rate from 1.0% to 0.5%, effective July 1, 2004. The loss will be backfilled with property tax from the Educational Revenue Augmentation Fund (ERAF) and the state will dedicate the confiscated sales tax revenue to repay a \$10.7 billion bond issue to cover the state's budget deficit. Cash flow problems and added administrative expense are expected.

Transactions Tax Adoption Eased

With the passage of SB566 (Scott), cities will be able to seek voter approval of a 0.25% or 0.5% transac-

tions tax without first obtaining state permission. Commonly used by counties, ten cities also impose the tax for uses ranging from hospitals and public safety to road maintenance and capital improvements. The tax is basically a surcharge on the sales tax rate but is allocated to "place of use" rather than "point of sale." Previous measures required state legislation.

Fiscal Year To Date Revenue Comparison 2002-03 2003-04

	2002 03	2005 01
Point-of-Sale	1,555,501	1,736,387
County Pool	340,331	371,512
State Pool	6,187	1,872
Gross Receipts	1,902,019	2,109,771

