

Q3 2005



El Dorado County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2005)

El Dorado County In Brief

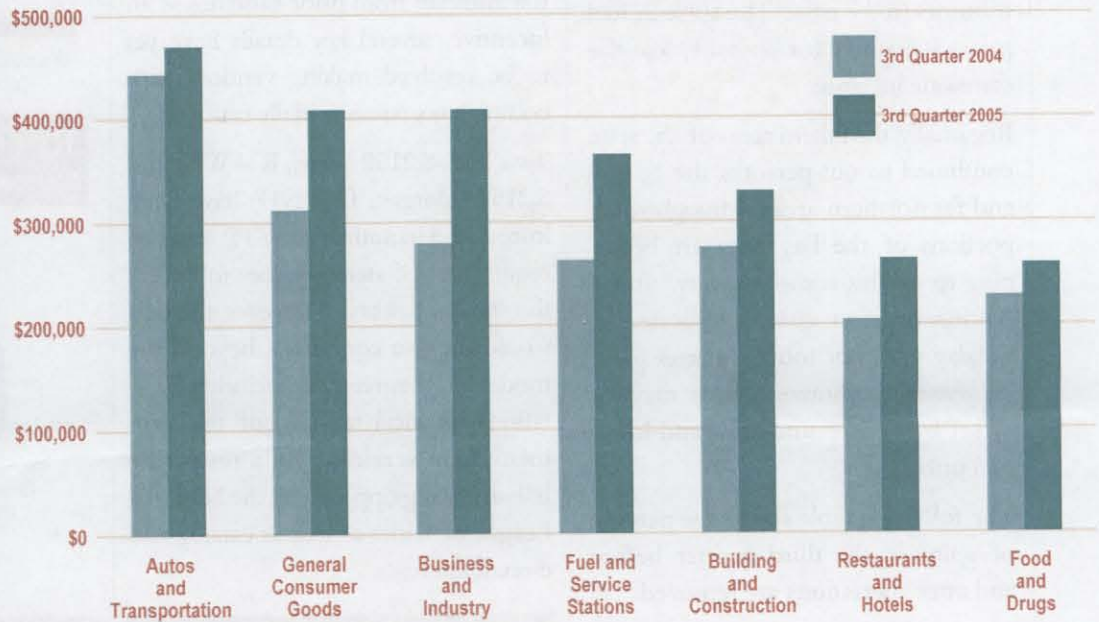
Receipts from sales in the unincorporated area for the July to September quarter were 22.0% greater than the same period last year but aberrations skewed results. With anomalies removed actual sales rose 10.2%.

Retroactive adjustments in the current quarter and payment deviations which depressed year-ago results exaggerated gains in all seven major business groups. Once adjusted for these anomalies, the Business & Industrial sector performed the strongest with a real gain of 6.3% for new auto sales.

Additional outlets boosted revenues in a cross section of categories including service stations, grocery stores with liquor, specialty stores, restaurants with no alcohol, and restaurants with liquor. Correction of a prior error for a new business accounted for the large increase in the family apparel classification.

Real sales for all of El Dorado County gained 22.3% compared to a year ago while the Sacramento region as a whole was up 8.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

Safeway Gasoline	Meeks Building Center
Cameron Park	Mercedes Benz Of El Dorado Hills
Exxon	Nor Cal Readymix
Central Concrete Supply	Raleys
D S T Innovis	Rippey Associates
Dawson Oil	Safeway
El Dorado Dodge	Shingle Springs
Lincoln Mercury	Honda
El Dorado Hills Chevron	Shingle Springs Nissan Subaru
Family Chevrolet	T J Maxx
Cad Oldsmobile	Tahoecamp
Frontier Dental Labs	Richardson Resort
K Mart	Texaco
Lees Feed & Western Store	Village Concepts
Longs	Wal Mart

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2004-05	2005-06
Point-of-Sale	\$3,977,345	\$4,592,973
County Pool	849,058	936,458
State Pool	6,873	6,241
Gross Receipts	\$4,833,275	\$5,535,672
Less Triple Flip*	\$(608,541)	\$(1,383,918)

*Reimbursed from county compensation fund

Statewide Comparisons Skewed

Local governments' sales and use tax allocations were up 16.1% compared to the same quarter one year ago but the gains were inflated by the makeup of previous distribution shortfalls.

Actual sales activity increased 6.4% when aberrations are factored out. A summer discount campaign that boosted new car sales, and higher prices for fuel, building and construction materials were the primary contributors to the gain. The spike in fuel prices accounted for almost 1/3 of the statewide increase.

Regionally, the inland areas of the state continued to out-perform the coastal and far northern areas although some portions of the Bay Area are beginning to exhibit some recovery. Initial reports on next quarter indicate fair holiday sales but fourth quarter gains in general consumer goods may be offset by weaker auto sales and lower fuel prices.

The following table shows the percent of gains in the third quarter before and after aberrations are removed.

	Before	After
Autos/Transportation	15.6	4.7
Building/Construction	16.7	9.6
Business/Industry	18.5	3.5
Food/Drugs	11.6	3.7
Fuel/Service Stations	25.9	25.5
Gen'l Consumer Goods	12.4	3.7
Restaurants/Hotels	19.9	3.0

Sales Tax Elections

Local elections in November and December included 14 measures relating to additional transactions and use taxes of which 11 passed. Voters approved or extended overrides in Calexico, Delano, Dinuba, Laguna Beach, Merced, Porterville, Salinas, San Rafael, Scotts Valley, Tulare and Waterford. Four of the successful measures required a 2/3's vote - the others a majority.

This brings to 40 cities and 23 counties that have one or more transactions and use tax districts. Revenues are

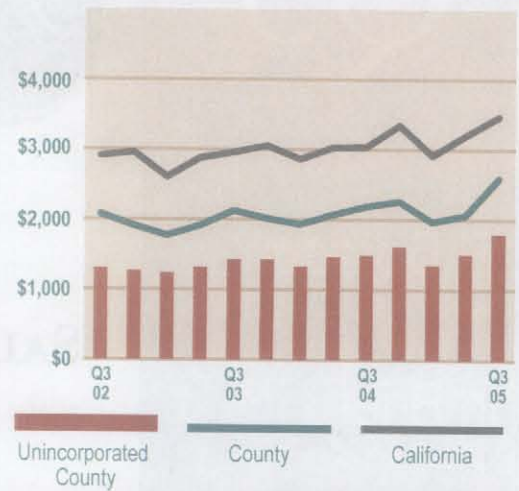
being used for a variety of purposes including public safety services, hospitals, transit and transportation, libraries, capital improvements and a wide variety of general purposes.

Streamlined Sales Tax

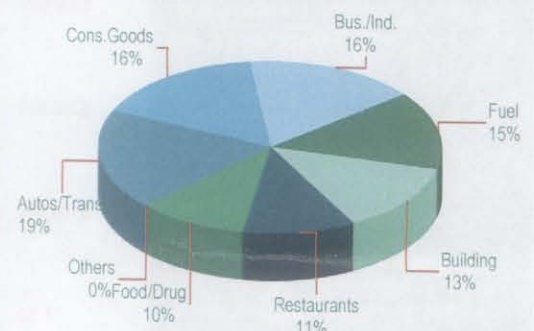
The Streamlined Sales Tax Project (SSTP) began formal operations on October 1 with eighteen states requesting voluntary registration and collection of local taxes by out-of-state vendors. Although the states are offering full amnesty from prior liabilities as an incentive, several key details have yet to be resolved making vendors with complex tax issues initially cautious.

Two bills, S.2152 (Enzi, R - WY) and S.2153 (Dorgan, D - ND) have been introduced to authorize SSTP states to require out-of-state vendors to collect the state's sales tax. However, the bills would impose conditions beyond the model SSTP agreement including limitations on local taxation of telecommunication services. As a result, the bills are being opposed by the National League of Cities as well as catalog and e-retail interests.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP El Dorado County This Quarter



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q3 '05*	Change	Change	Change
Service Stations	\$338.4	40.4%	19.2%	25.3%
New Motor Vehicle Dealers	314.1	6.3%	10.7%	15.2%
Contractors	164.6	23.0%	21.4%	25.0%
Discount Dept Stores	— CONFIDENTIAL —		0.0%	8.0%
Grocery Stores Liquor	128.1	16.4%	11.2%	5.9%
Lumber/Building Materials	101.4	24.0%	14.1%	11.4%
Business Services	91.2	47.4%	67.0%	15.8%
Restaurants Beer And Wine	89.1	22.7%	22.9%	24.1%
Restaurants No Alcohol	73.1	15.0%	11.5%	16.0%
Specialty Stores	70.4	5.3%	3.8%	24.2%
Grocery Stores Beer/Wine	61.0	16.1%	25.8%	23.9%
Light Industrial/Printers	58.6	42.8%	31.6%	11.1%
Restaurants Liquor	57.1	96.9%	67.7%	22.8%
Hardware Stores	54.4	6.8%	6.0%	19.5%
Auto Repair Shops	46.7	28.8%	20.7%	26.7%
Total All Accounts	\$2,500.2	24.8%	22.3%	16.5%
County & State Pool Allocation	468.7	8.8%		
Gross Receipts	\$2,968.9	22.0%		

*In thousands