

Q3
2006



El Dorado County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2006)

El Dorado County In Brief

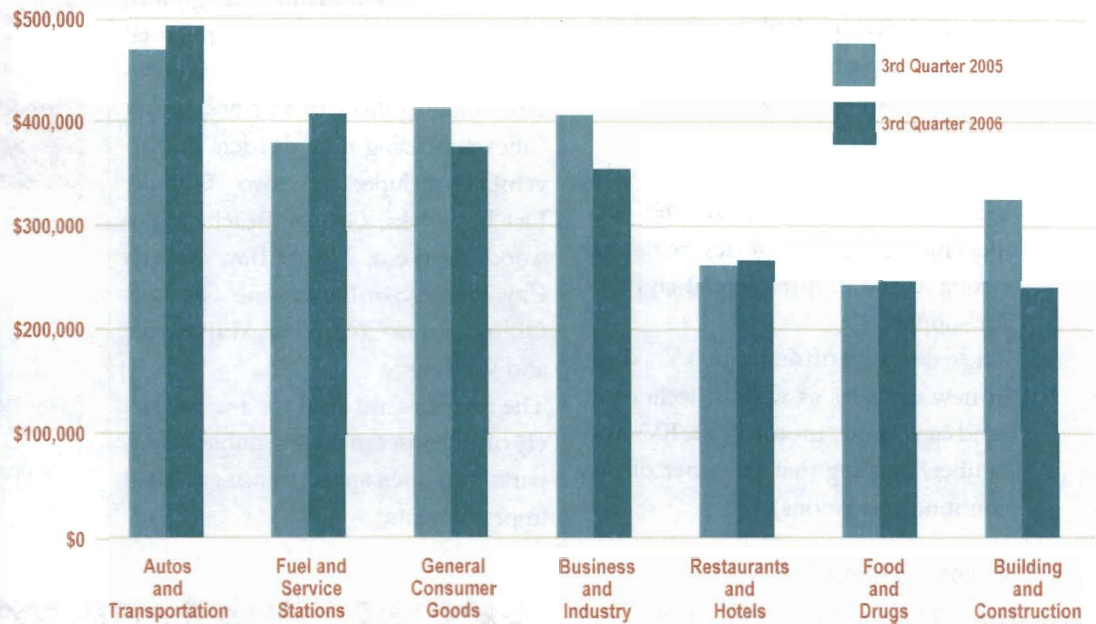
The unincorporated area allocation from its July through September sales was 3.8% lower than the same quarter one year ago.

The previous closeout of the point of sale for a ready mixed concrete company and a decline in sales of housing related building materials were primarily responsible for the decrease. Onetime accounting aberrations that temporarily deflated receipts from some categories of General Consumer Goods and business-to-business sales were also factors.

The losses were partially offset by another quarter of higher fuel prices, recent additions to the light industrial supply category and unusually strong sales for one of the car dealerships.

Taxable sales for all of El Dorado County including its cities, increased 1.1% over the comparable time period while the Sacramento region as a whole was down 2.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Cameron Park Exxon	Longs
Chevron	Meeks Building Center
Crystal View Station	Mercedes Benz of El Dorado Hills
Dawson Oil	Nu Star Motors
Dst Innovis	Raleys
El Dorado Hills Chevron	Safeway
El Dorado Hills Dodge	Safeway Gasoline
El Dorado Hills Exxon	Shell/Texaco
Family Chevrolet	Shingle Springs Honda
Cad Oldsmobile	Shingle Springs Nissan Subaru
Golden State Flow Measurement	Tahoes Camp Richardson Resort
Green Valley Food and Fuel	Toms Sierra Fuel
K Mart	Wal Mart

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2005-06	2006-07
Point-of-Sale	\$4,592,973	\$4,755,513
County Pool	936,458	911,189
State Pool	6,241	6,633
Gross Receipts	\$5,535,672	\$5,673,336
Less Triple Flip*	\$(1,383,918)	\$(1,418,334)

*Reimbursed from county compensation fund

Published by The HdL Companies in Winter 2007
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Statewide Receipts

Statewide revenues from the July through September sales period exhibited a 2.9% gain over the same quarter one year ago after onetime payments from last year's amnesty program and other accounting adjustments are factored out.

Higher fuel prices continued to be responsible for much of the growth with receipts from service stations and bulk fuel sellers up 8.8%. General consumer goods produced a modest 2.7% increase with the highest gains from discount department stores. Revenues from the various categories of restaurants were up 4.3%.

Business spending, particularly in the light industry, office, farm and textiles/furnishings categories remained strong as did non-residential contractor supplies.

The gains were offset by an 8.5% drop in new car sales as well as declines in used cars, boats/motorcycles, RVs and lumber/building materials (net of accounting aberrations).

Unlicensed Retailers

The state has budgeted for a two year pilot program of stepped up field inspections to identify retailers without sellers' permits. The teams are also checking for proper tobacco, motor fuel and other state licenses.

The program was initiated in August because of concerns that years of budget cutbacks have reduced revenue due to lagging compliance. The fears appear to be well founded as four percent of the retailers canvassed thus far were not properly registered.

In addition to raising awareness of permit requirements and increasing compliance, it is estimated that the experiment could generate up to \$25 million in new revenues annually.

The permit checks are being conducted in portions of Los Angeles, San Mateo and San Francisco Counties. Local jurisdictions have placed representatives

with state field crews to also check for business licenses and other permits.

November Tax Measures

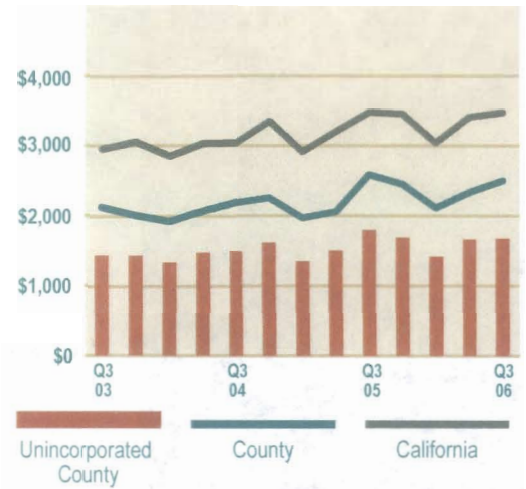
November's ballots included 38 proposals for adding, increasing or extending existing local transactions and use tax levies of which 20 passed.

Although basically an additional sales tax, the transactions tax is allocated to the place of use rather than point of sale. Eight of the passed measures required two thirds approval, the others a majority. The measures will go into effect April 1, 2007 and bring the total number of transactions tax districts to 101 including those in 53 cities.

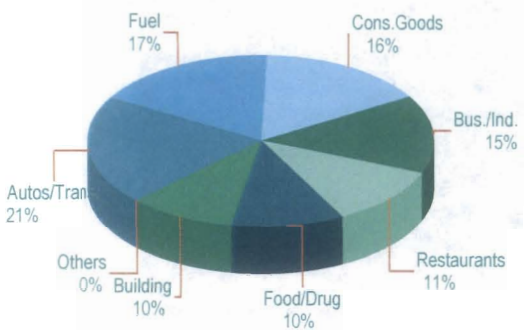
Cities approving new districts in November included: Arroyo Grande, Del Rey Oaks, Grover Beach, Inglewood, Manteca, Morro Bay, Nevada City, Pinole, San Bernardino, San Luis Obispo, Santa Cruz, Vista, Watsonville and Williams.

The revenues are used for a wide variety of purposes including public safety, parks and open space, transit and road improvements.

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 '06*	Change	Change	Change
Service Stations	\$362.9	5.8%	8.2%	12.5%
New Motor Vehicle Dealers	334.1	6.4%	-7.9%	-12.4%
Discount Dept Stores	— CONFIDENTIAL —		-3.6%	7.4%
Grocery Stores Liquor	123.8	-3.3%	1.5%	5.2%
Contractors	107.4	-34.7%	-22.3%	4.4%
Business Services	96.2	5.5%	2.8%	-1.2%
Restaurants Beer And Wine	84.5	-5.1%	-15.0%	-4.4%
Lumber/Building Materials	76.1	-23.0%	122.2%	14.2%
Restaurants No Alcohol	76.1	4.0%	-6.7%	1.5%
Light Industrial/Printers	67.1	14.5%	10.4%	1.9%
Restaurants Liquor	61.6	8.0%	-3.6%	0.9%
Grocery Stores Beer/Wine	61.0	8.4%	1.3%	2.7%
Specialty Stores	57.8	-11.0%	-5.4%	-4.2%
Automotive Supply Stores	51.3	29.2%	8.1%	8.3%
Hardware Stores	44.3	-18.6%	-16.1%	-8.4%
Total All Accounts	\$2,385.6	-4.6%	-1.9%	0.8%
County & State Pool Allocation	471.3	0.6%		
Gross Receipts	\$2,857.0	-3.8%		<i>*In thousands</i>