

# Q4 2006



# El Dorado County Sales Tax *Update*

*First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2006)*

## El Dorado County In Brief

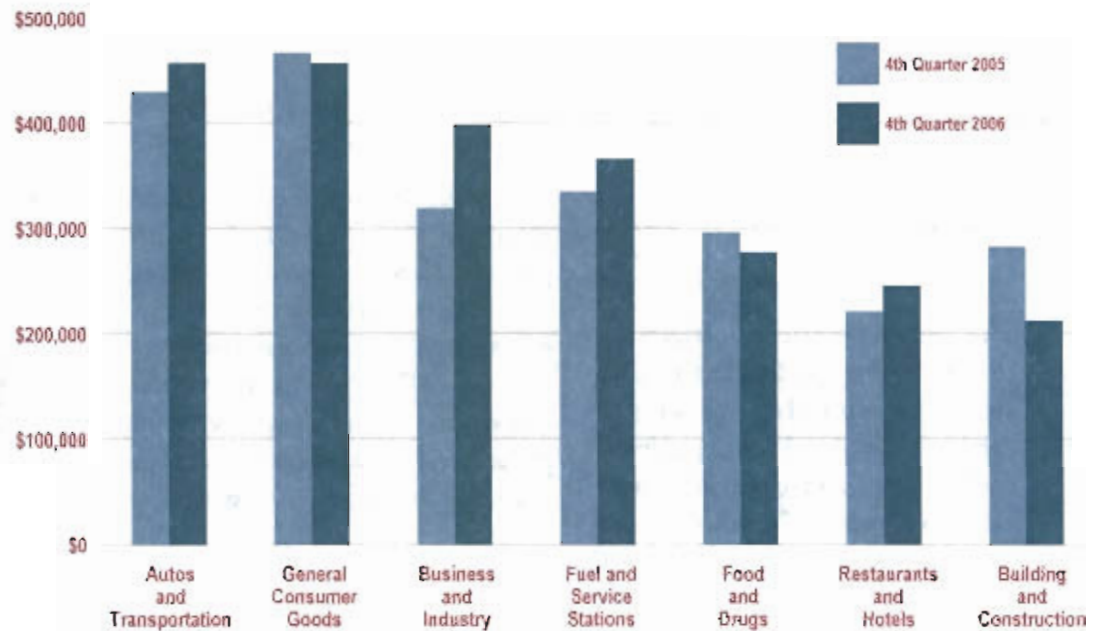
The allocation from the county's October to December sales was a mere 0.1% greater than the same quarter one year ago.

The construction slowdown impacted the lumber/building materials, contractor and hardware store sectors. This loss was compounded by a recent business consolidation. Sales declined in business services with closeout accounts adversely impacting home furnishings and general consumer retail overall. Correction of a prior error that inflated the comparison period accounted for the decline in the grocery stores with liquor group and exaggerated the drop in restaurants with beer/wine.

Sales activity increased in several sectors including new autos and wineries with new outlets boosting light industrial/printers and restaurants with liquor. The gain in restaurants with no alcohol and hotels with liquor was overstated by retroactive adjustments.

During the same period, El Dorado County as a whole declined 6.7% while the Sacramento region dipped 3.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

13 Mile Post	Lees Feed & Western Store
Bel Air Mart	Longs
Chevron	Meeks Building Center
Dst Innovis	Mercedes Benz of El Dorado Hills
El Dorado Hills Chevron	Nu Star Motors
El Dorado Hills Dodge	Raleys
Family Cadillac Chevrolet	Safeway
Frontier Dental Labs	Safeway Gasoline
Golden State Flow Measurement	Shell/Texaco
Heavenly Ski Resort	Shingle Springs Honda
K Mart	Shingle Springs Nissan Subaru
LSK Label	T J Maxx
	Wal Mart

### REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2005-06	2006-07
Point-of-Sale	\$6,941,589	\$7,166,822
County Pool	1,480,080	1,396,430
State Pool	11,164	11,485
<b>Gross Receipts</b>	<b>\$8,432,833</b>	<b>\$8,574,737</b>
Less Triple Flip*	\$(2,108,208)	\$(2,143,684)

\*Reimbursed from county compensation fund

**Statewide Sales Flatten**

Fourth quarter sales were unchanged from the same period in 2005 with payment aberrations excluded. This represented the weakest holiday performance since 2001.

As indicated below, the slump impacted all business groups with growth weaker in 2006 than in 2005 in all but Autos & Transportation.

**Fourth Quarter Sales Tax Comparison**

Business Group	Q4 '06	Q4 '05
	v. Q4 '05	v. Q4 '04
Autos & Transportation	0.1%	-3.5%
Building & Construction	-5.7%	15.5%
Business & Industry	-0.5%	4.5%
Food & Drugs	2.9%	5.4%
Fuel & Service Stations	-1.6%	14.1%
General Consumer Goods	1.2%	5.0%
Restaurants & Hotels	4.1%	6.8%
HdL State	0.0%	5.3%

All figures adjusted for economic data.

The lackluster quarter was largely due to a 5.7% drop in Building & Construction receipts. The shift was a reflection of the slowdown in residential construction with the previously highest growth areas (Riverside/San Bernardino, San Joaquin Valley and the Sacramento region) experiencing the severest declines.

The dip in Business & Industry receipts was exaggerated by a \$ 1.9 M refund for taxes paid on financed purchases that later became uncollectible. Over 200 local jurisdictions in California had related negative adjustments to their fourth quarter allocations. Another factor in the decrease was a \$1M delayed return for a large business services outlet.

A temporary drop in the average price of gasoline and diesel fuel led to a 1.6% decline in receipts from Fuel & Service Stations. Pump prices have since rebounded significantly.

Revenues from restaurants & hotels, the quarter's bright spot, were up in nearly all areas of the state with the Bay Area and the Central Coast regions feasting best.

General Consumer Goods sales exceeded last year's by just 1.2% after a 5% gain the year before. One likely factor: an upsurge in gift card use. Since gift card sales are not taxed until the card is redeemed, more holiday related receipts are being delayed to the following quarter. Reports are that the dollar value of gift cards was up 35% compared to 2005 resulting in a surge in January 2007 sales that was 10.5% above the prior year.

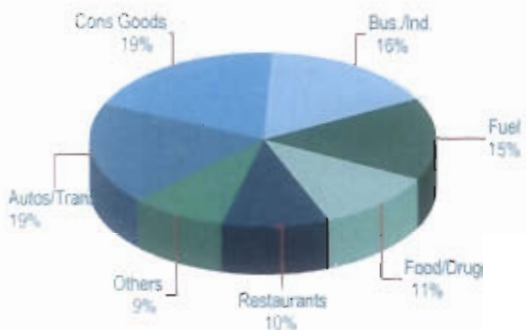
Fourth quarter Autos & Transportation results were virtually unchanged, an improvement from last year's 3.5% decline. Foreign brands continued to outperform domestics.

Economists are expressing concern about the impact of volatile energy prices, cutbacks in capital investment, and sub-prime lending on sales revenues through the remainder of calendar year 2007. However, the current consensus overall, is that statewide growth will be weaker than recent years but actual declines are not expected.

**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
	Q4 '06*	Change	Change	Change
Service Stations	\$321.4	11.2%	8.5%	3.0%
New Motor Vehicle Dealers	302.6	10.0%	3.3%	0.9%
Discount Dept Stores	— CONFIDENTIAL —		0.4%	4.9%
Grocery Stores Liquor	158.0	-13.0%	3.4%	2.7%
Light Industrial/Printers	136.3	157.4%	119.6%	4.7%
Contractors	101.4	-34.3%	-24.8%	4.9%
Restaurants No Alcohol	86.1	27.1%	12.5%	3.9%
Restaurants Beer And Wine	63.9	-23.2%	-11.8%	4.4%
Lumber/Building Materials	60.3	-14.3%	-36.3%	-31.8%
Specialty Stores	60.1	-9.2%	-14.8%	1.3%
Business Services	58.8	-39.9%	-41.8%	-12.6%
Restaurants Liquor	54.4	4.0%	13.8%	11.1%
Grocery Stores Beer/Wine	51.2	4.7%	-2.5%	-7.9%
Drug Stores	49.3	3.5%	1.6%	5.8%
Auto Repair Shops	44.6	12.7%	4.8%	-2.4%
<b>Total All Accounts</b>	<b>\$2,411.3</b>	<b>2.7%</b>	<b>-4.4%</b>	<b>0.5%</b>
County & State Pool Allocation	490.1	-10.7%		
Gross Receipts	\$2,901.4	0.1%		

\*In thousands