

# Q1 2008



# El Dorado County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2008)

## El Dorado County In Brief

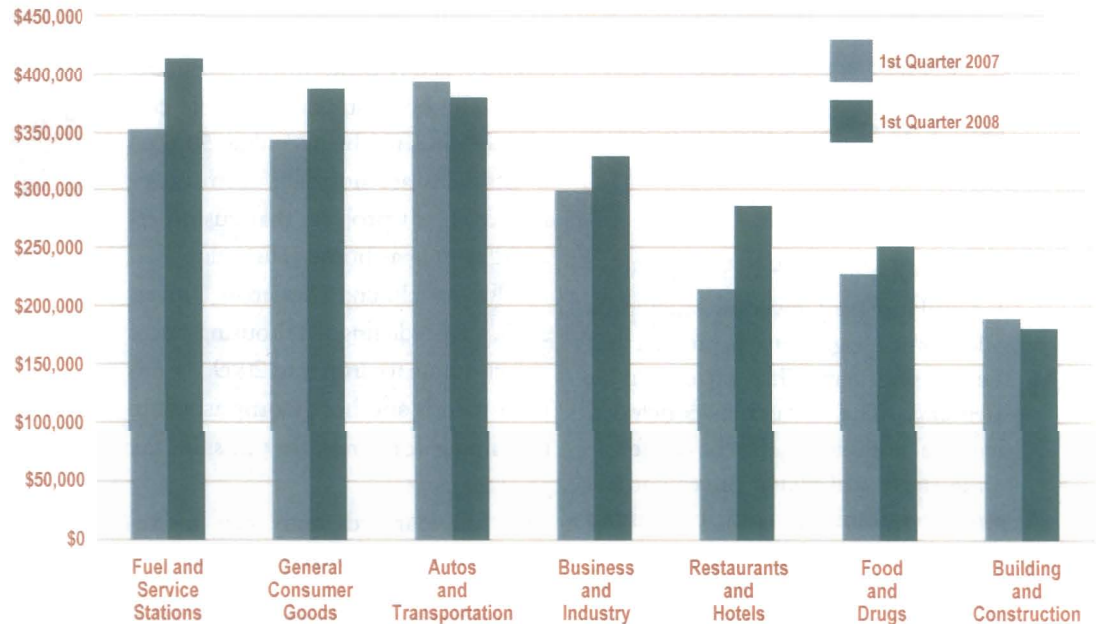
First quarter receipts from retailers in the unincorporated area were up 9.8% compared to the same period one year earlier but payment aberrations skewed the data. With anomalies excluded, actual results were up 3.5%.

New business additions contributed to grocery stores with liquor, restaurants with liquor, drug stores and discount department store totals. Reporting aberrations exaggerated the hotels-liquor comparison but strong sales boosted business services proceeds. Service station gains reflected higher prices at the pump.

New motor vehicle sales remained flat, avoiding the sharp drops that occurred in the region and in most areas of the state. A combination of delayed payments and business closeouts cut restaurant with beer/wine totals.

Adjusted for onetime accounting aberrations, all of El Dorado County slipped 1.2%; the state was down 4.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

In Alphabetical Order

Bright Future Technologies	Longs
Cameron Park Petroleum	Mercedes Benz of El Dorado Hills
Carmean Dodge	Micnan Food Mart
Chevron	Raleys
Dawson Oil	Safeway
DST Innovis	Safeway Gasoline
Edward R Marszal Enterprises	Shingle Springs Honda
Family Cadillac Chevrolet	Shingle Springs Nissan Subaru
Heavenly Ski Resort	Sierra at Tahoe
Heavenly Sports Main Lodge	Target
K Mart	Toms Sierra Fuel
Lees Feed & Western Store	Tower Mart
	Wal Mart

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$9,185,659	\$9,573,001
County Pool	1,789,184	1,764,745
State Pool	13,437	5,640
Gross Receipts	\$10,988,280	\$11,343,385
Less Triple Flip*	\$(2,747,070)	\$(2,835,846)

\*Reimbursed from county compensation fund

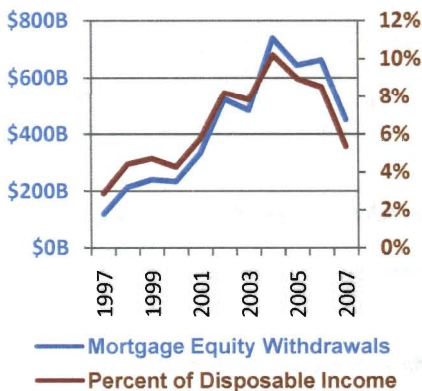
## CALIFORNIA OVERALL

Statewide sales tax receipts for January through March sales dropped 4.5% from the same quarter of 2007 when reporting aberrations were factored out. The decline continued to be led by new car sales which were down 18.6%. Building-related materials posted a decrease of 14.3% while general consumer goods dropped 5.4%. Previous predictions that this quarter would be at the bottom after the spending bubble burst are beginning to fade. Auto dealers report continuing slides and the International Council of Shopping Centers predicts 2008's store closings to be the most since 2001. The UCLA Anderson Forecast is that the economy will be sluggish for at least another 18 months.

## SALES TAX AND THE HOUSING BUBBLE

A new Harvard University study provides some insight into the impact that the housing slump has on consumer spending. The researchers concluded that the combined effects of fewer home starts and falling prices cut national economic growth by almost 1.5% in 2007.

In addition to the "reverse multiplier" effect that lost wages in the construction industry has had on consumer spending, the decline in home prices has substantially reduced the amount of discretionary spending that occurred from borrowing against the rising market value of homes.



These cash-outs, referred to as "Mortgage Equity Withdrawals" (MEWs), fell from a high of 10% of the country's personal disposable income in

2004 to approximately 2% in the first quarter of this year.

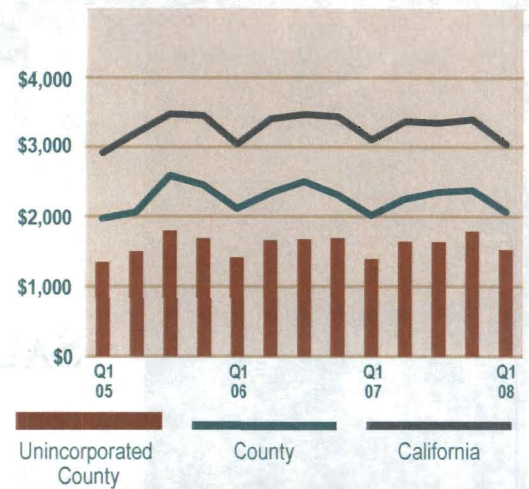
Consumer spending tends to lag changes in income, both up and down. As MEWs fell in the latter half of 2007, consumers used their credit cards to continue spending. Credit card companies, including American Express, now report alarming rises in late payments suggesting that many consumers are about tapped out.

An example of Harvard's conclusion that homeowners' disposable spending is partially related to changes in home values recently came from Home Depot. The company attributes its current decline to the fact that 50-60% of its sales are normally from major improvement projects that customers are deferring as home values slip.

Analysts, including Chapman University's, are predicting that housing prices will continue to drop into 2009. If this is so, it adds another gloomy aspect to the timing for a recovery in sales tax growth.

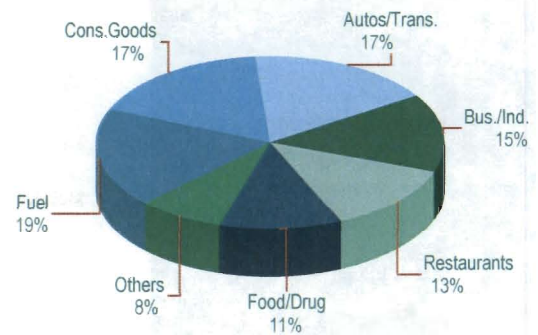
The full Harvard study can be reviewed at [www.jchs.harvard.edu/](http://www.jchs.harvard.edu/).

## 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
	Q1 '08*	Change	Change	Change
Service Stations	\$368.7	17.7%	30.8%	18.6%
New Motor Vehicle Dealers	260.0	-0.8%	-13.8%	-17.4%
Discount Dept Stores	— CONFIDENTIAL —		26.4%	-2.4%
Grocery Stores Liquor	139.5	9.0%	10.2%	0.6%
Contractors	103.5	1.4%	2.4%	-17.8%
Business Services	82.6	39.5%	39.8%	-2.9%
Restaurants No Alcohol	77.3	0.4%	-8.8%	2.8%
Restaurants Liquor	69.3	41.6%	23.8%	7.1%
Restaurants Beer And Wine	62.5	-14.6%	0.5%	-5.7%
Specialty Stores	55.4	1.2%	-10.3%	-3.0%
Grocery Stores Beer/Wine	48.8	11.8%	3.0%	-1.5%
Hotels-Liquor	48.7	435.2%	144.2%	3.3%
Drug Stores	44.8	10.1%	11.2%	2.9%
Automotive Supply Stores	41.6	20.1%	-6.4%	-2.8%
Hardware Stores	40.1	-7.1%	0.8%	-10.9%
<b>Total All Accounts</b>	<b>\$2,225.8</b>	<b>10.3%</b>	<b>3.0%</b>	<b>-1.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>425.0</b>	<b>7.7%</b>		
<b>Gross Receipts</b>	<b>\$2,650.8</b>	<b>9.8%</b>		

\*In thousands