

Q3 2010



El Dorado County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

El Dorado County In Brief

Receipts from sales occurring in the unincorporated county area during the July to September quarter were 7.3% greater than the same period last year but aberrations skewed results. With anomalies removed, actual sales rose 3.2%.

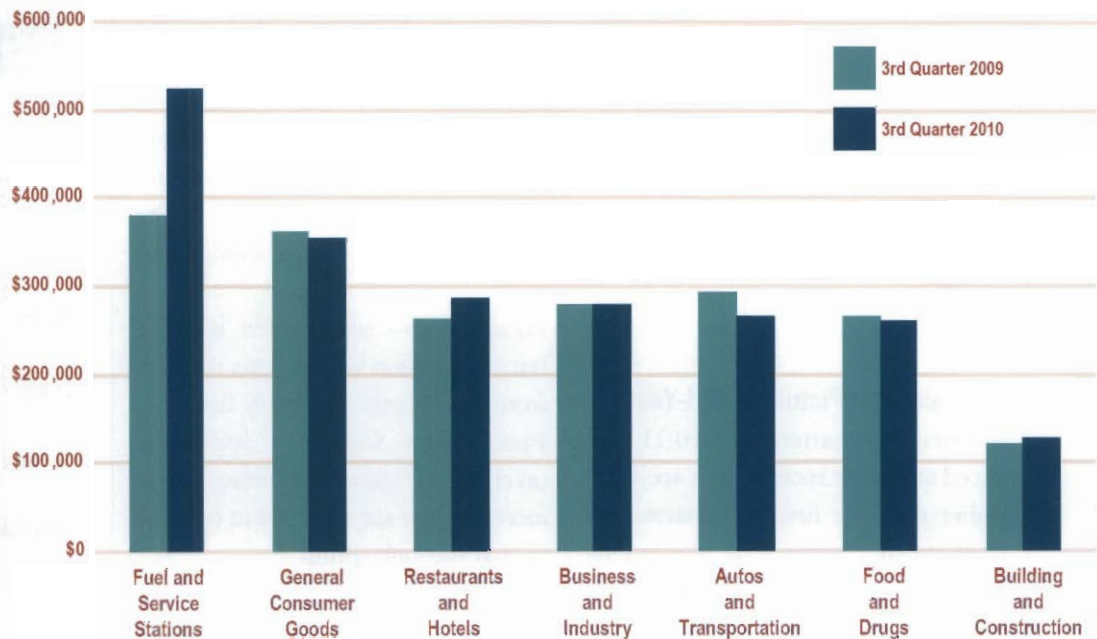
The gain in the service station group from higher fuel prices was exaggerated by payment deviations that depressed year-ago returns. New eateries boosted results in restaurants adding to positive performance in resorts.

Temporary allocations for utility-related equipment purchases accounted for the rise in business/industrial and building material sectors. An increase in the countywide use tax allocation pool contributed to the gain in gross receipts.

Sales activity declined in new auto sales while a retroactive adjustment in the comparison quarter overstated the loss in the specialty store category.

Adjusted for reporting aberrations, taxable sales for all of El Dorado County, including its cities, gained 2.3% over the comparable time period while the Sacramento region as a whole was up 2.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Cameron Park Circle K 76	Mercedes Benz of El Dorado Hills
Cameron Park Petroleum	Quick Stop Market
Chevron	Raleys
Crystal View Station	Safeway
CVS Pharmacy	Safeway Gasoline
DST Innovis	Shingle Springs Honda
El Dorado Hills Chevron	Shingle Springs Nissan Subaru
Georgetown Gas + Go	T J Maxx
Golden State Flow Measurement	Tahoe Paradise Chevron
K Mart	Tahoeh Camp Richardson Resort
Lees Feed & Western Store	Target
Meeks Building Center	Tooley Oil
	Wal Mart

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$3,901,976	\$4,192,085
County Pool	631,586	656,636
State Pool	4,048	3,100
Gross Receipts	\$4,537,611	\$4,851,821
Less Triple Flip*	\$(1,134,403)	\$(1,212,955)

*Reimbursed from county compensation fund

Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago.

The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by \$850 billion. In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

Autos/Transportation- Industry sales reports were inflated by non-taxable

fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

Building/Construction- Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

Business/Industry- Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

Food/Drugs- some price increases but competition will keep tax revenues from this segment generally flat.

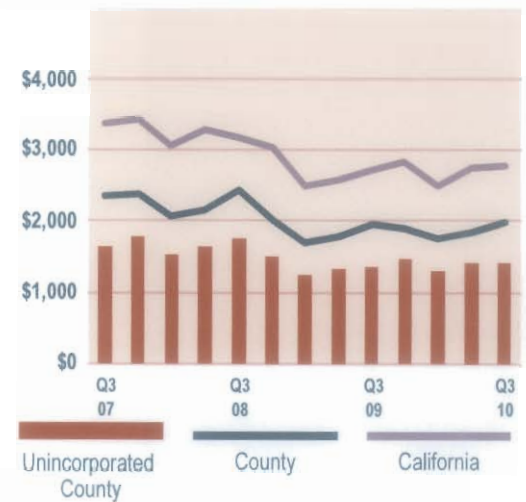
Fuel/Service Stations - Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

Consumer Goods- Stock market gains

are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

Restaurants/Hotels- Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

SALES PER CAPITA



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q3 '10*	Change	Change	Change
Service Stations	\$491.9	40.0%	31.1%	12.2%
Discount Dept Stores	— CONFIDENTIAL —		0.2%	5.6%
Grocery Stores Liquor	150.2	2.7%	-0.3%	1.2%
New Motor Vehicle Dealers	147.9	-15.5%	-8.5%	-1.7%
Restaurants Liquor	86.2	35.1%	27.5%	5.2%
Restaurants No Alcohol	78.7	4.0%	-5.2%	5.1%
Business Services	60.7	-12.0%	-9.4%	22.8%
Restaurants Beer And Wine	50.9	-17.3%	-9.8%	-0.7%
Light Industrial/Printers	49.4	52.4%	16.2%	6.2%
Grocery Stores Beer/Wine	48.7	-10.9%	-6.4%	1.6%
Contractors	46.6	-11.2%	-7.5%	-2.3%
Automotive Supply Stores	44.7	9.0%	-0.1%	3.7%
Clubs/Amusement Places	44.6	5.6%	4.4%	1.3%
Drug Stores	41.7	-5.3%	-2.9%	-1.7%
Auto Repair Shops	37.6	8.8%	0.3%	3.4%
Total All Accounts	\$2,101.3	7.0%	3.6%	2.7%
County & State Pool Allocation	331.0	9.6%		
Gross Receipts	\$2,432.3	7.3%		

*In thousands