

# Q4 2012



# El Dorado County Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2012)

## El Dorado County In Brief

Receipts for the unincorporated area's October through December sales were 4.9% higher than the same quarter one year ago.

Holiday sales activity increased in several general retail categories including family apparel while a new outlet boosted sporting goods/bike stores. Auto-related sectors performed better than a year ago. Revenues from fuel and service stations lagged regional trends.

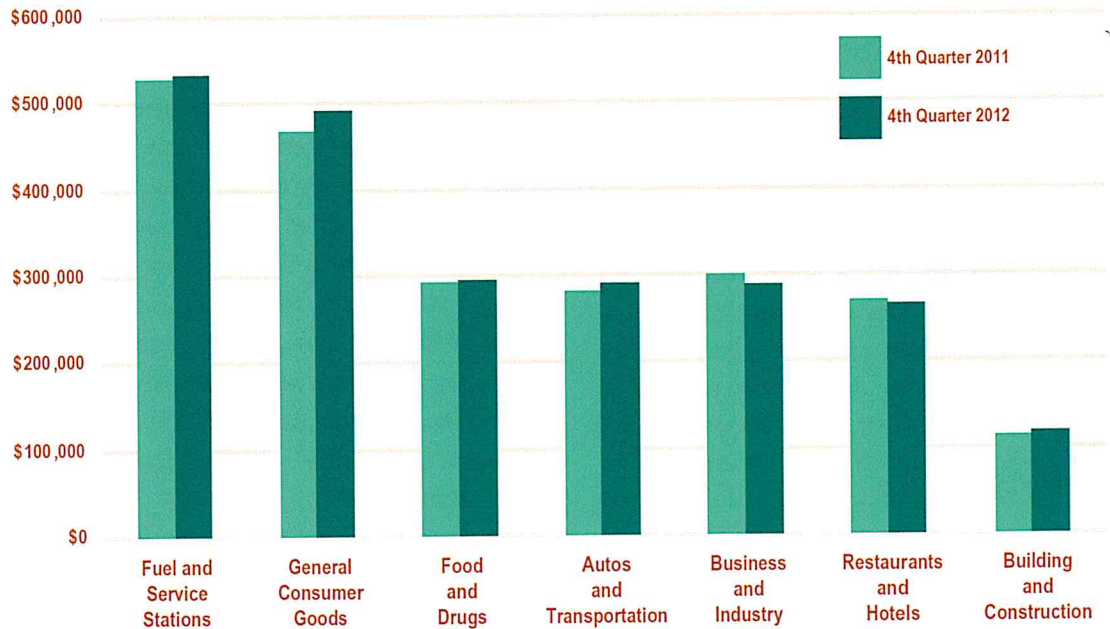
A temporary allocation error in the restaurant and hotel group offset the gain from new eateries in restaurants with liquor.

Lower returns in business and industry were exaggerated by a one-time use tax payment that inflated the comparison period. Nonetheless, business services showed an increase.

A rise in the county's share of the countywide use tax allocation pool contributed to the overall gain in gross receipts.

Adjusted for aberrations, taxable sales for all of El Dorado County increased 4.8% over the comparable time period, while the Sacramento region as a whole was up 5.9%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Cameron Park Circle K 76	McDonalds
Cameron Park Petroleum	Meeks Building Center
Chevron	Mercedes Benz of El Dorado Hills
Circle K 76	Quick Stop Market
Crystal View Shell	Raleys
CVS Pharmacy	Safeway
Dawson Oil	Safeway Fuel Center
DST Innovis	Shell
El Dorado Hills Chevron	Shingle Springs Honda
Golden State Flow Measurement	Shingle Springs Nissan Subaru
K Mart	Target
Lees Feed & Western Store	TJ Maxx
	Walmart

### REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$6,623,987	\$6,920,183
County Pool	1,093,947	1,219,965
State Pool	1,160	3,280
<b>Gross Receipts</b>	<b>\$7,719,094</b>	<b>\$8,143,428</b>
Less Triple Flip*	\$(1,929,774)	\$(2,035,857)

\*Reimbursed from county compensation fund

Statewide Results

Statewide sales tax receipts for October through December sales were up 3.4%; however, net of onetime payment aberrations, actual sales increased 6.1% compared to the same sales period in 2011.

The autos and transportation group, led by continued strong sales of new cars and light trucks, recorded another quarter of robust increases over prior year results and accounted for 26% of the adjusted statewide gain. For many general consumer goods retailers the holiday sales season can be the difference between a profit and a loss for the year. This group bested year-ago receipts by 4.3%. Business and industry totals again included tax receipts from a variety of alternative energy projects. Heavy industrial, office equipment and office supplies/furniture also contributed to the group's 5.3% increase. Restaurant dining remained popular as overall sales moved up 5.7%, with most of the increase going to full and quick-service operators. Higher prices at the pump bolstered returns for fuel and service stations which posted a 2.1% rise, even as gasoline consumption for the period trended down. Receipts for building and construction increased 5.3%, while food and drugs gained 1.5%. County use tax pool totals were buoyed by receipt of previously uncollected taxes on internet sales.

The 26 companies HDL has identified to date as falling under AB 155's criteria produced slightly over \$12M in local one-cent sales tax revenues in the fourth quarter of 2012. It is estimated that this will translate into annual revenues of about \$0.80 per capita. To date, the revenues are being allocated to all jurisdictions in California via the countywide use tax allocation pools. Each city and county receives its proportionate share of the pool based on its ratio of taxable sales.

Past deal making by high volume retailers suggests that new revenue could eventually be redirected to just a few agencies in exchange for sales tax rebates as more out-of-state companies decide where to locate their in-state distribution warehouses. Online sellers already located in the state have negotiated rebates as high as 85% of the local sales tax they collect.

S.336/HR.684, the Federal Marketplace Fairness Act, would provide

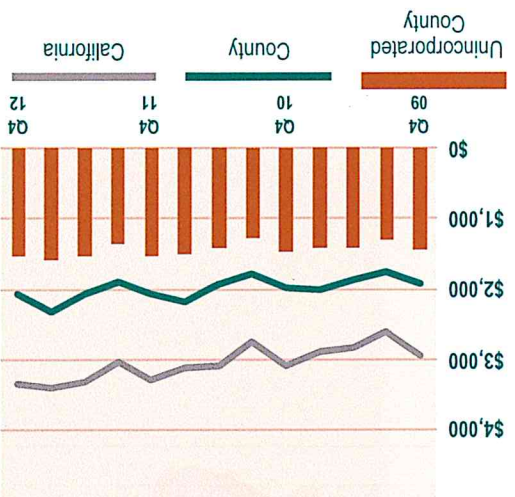
AB 155 expanded the definition of nexus to include out-of-state sellers with statewide annual sales of \$1M or more and who have in-state affiliates providing services tied to those out-of-state sales. Effective September 15, 2012 companies meeting these criteria were required to collect California sales and use tax.

First Full Quarter for AB 155

EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County	County	Hdl State
Automotive Supply Stores	52.5	6.7%	4.9%
Business Services	57.3	1.7%	14.2%
Contractors	47.7	0.0%	2.3%
Discount Dept Stores	—	CONFIDENTIAL	4.4%
Drug Stores	51.3	-6.9%	-4.4%
Grocery Stores Beer/Wine	40.2	-5.0%	2.3%
Grocery Stores Liquor	174.7	1.1%	-17.6%
Light Industrial/Printers	45.5	2.3%	-3.7%
New Motor Vehicle Dealers	—	CONFIDENTIAL	17.3%
Restaurants Beer And Wine	52.1	-1.4%	-0.1%
Restaurants Liquor	98.5	23.3%	8.1%
Restaurants No Alcohol	84.6	-5.1%	5.1%
Service Stations	496.7	1.8%	2.8%
Specialty Stores	45.6	-6.4%	0.0%
Wineries	40.6	0.6%	5.6%
Total All Accounts	\$2,284.3	1.1%	2.0%
County & State Pool Allocation	500.2	26.2%	
Gross Receipts	\$2,784.5	4.9%	

\*In thousands



SALES PER CAPITA

a uniform approach to allowing all states to require online and remote sellers to collect sales taxes. The bills are strongly supported by a coalition of national retailers and local governments but are opposed by eBay and anti-tax groups. Although the Senate has adopted a resolution of support, the bills themselves have not been formally acted upon in either the Senate or House of Representatives.