

Q3
2013



El Dorado Co. Uninc Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

El Dorado County In Brief

Receipts for the unincorporated area's July through September sales were 5.4% higher than the same quarter one year ago. Actual sales activity was up 8.6% when reporting aberrations were factored out.

A onetime sale in specialty stores boosted overall returns in general consumer goods. New eateries added to positive summer season results in restaurants and hotels.

The gain in autos and transportation was inflated by temporary aberrations that understated the year-ago period.

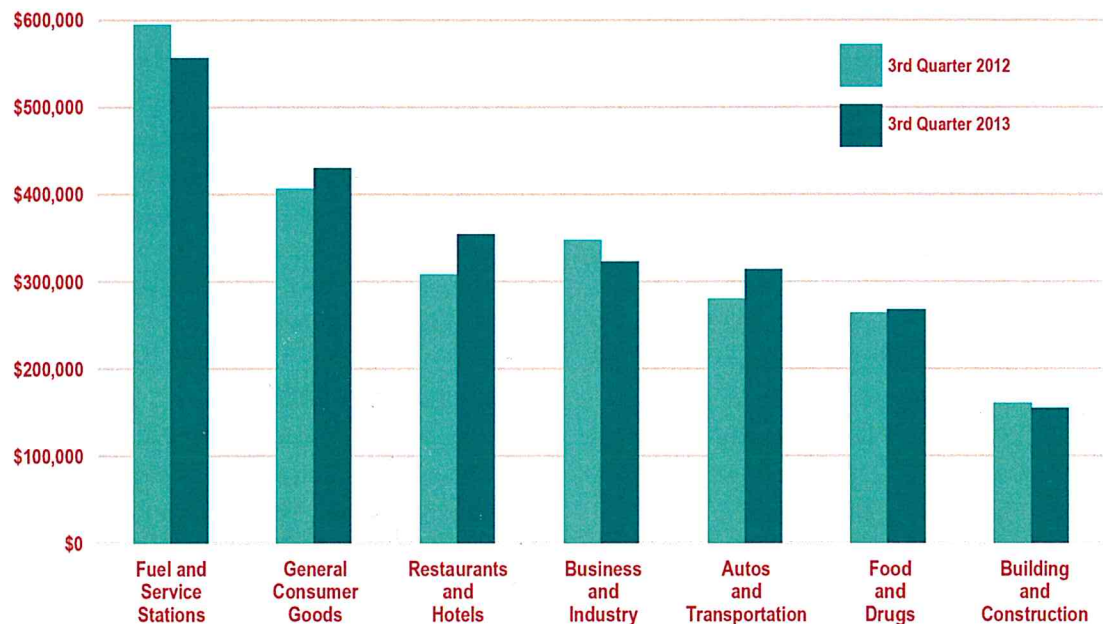
The increase in the countywide use tax allocation pool contributed to higher gross receipts overall.

Lower prices depressed fuel-related proceeds. A use tax allocation that bumped up revenues in the comparison period accounted for the decline in the business and industry group. Once adjusted for this onetime event, business to business activity was up 9.6% with gains in business services and garden/agricultural supplies. Retroactive adjustments overstated the rise in light industrial/printers.

Building-related sectors rose 14.5% once temporary payment deviations were removed.

Adjusted for aberrations, taxable sales for all of El Dorado County increased 9.4% over the comparable time period.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

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

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$4,635,852	\$4,728,871
County Pool	721,582	877,888
State Pool	1,494	2,679
Gross Receipts	\$5,358,928	\$5,609,438
Less Triple Flip*	\$(1,339,732)	\$(1,402,359)

*Reimbursed from county compensation fund

NOTES

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic updates.

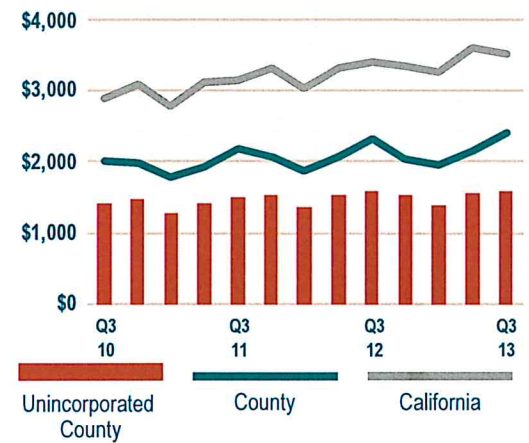
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-

line shopping would account for up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	<i>*In thousands</i>			
	Unincorporated County Q3 '13*	Unincorporated County Change	County Change	HdL State Change
Automotive Supply Stores	50.7	4.4%	12.3%	5.7%
Business Services	57.0	3.9%	5.1%	6.8%
Casual Dining	139.4	20.9%	18.3%	3.5%
Contractors	59.3	-21.5%	-8.8%	11.0%
Discount Dept Stores	— CONFIDENTIAL —	—	-10.3%	-8.1%
Drug Stores	46.6	2.4%	2.8%	-0.1%
Garden/Agricultural Supplies	45.2	8.4%	19.4%	9.0%
Grocery Stores Beer/Wine	51.2	8.2%	4.6%	-2.7%
Grocery Stores Liquor	145.9	-1.2%	-0.2%	-9.8%
Hotels-Liquor	57.0	13.5%	-9.4%	-12.6%
Light Industrial/Printers	72.9	81.1%	73.2%	2.5%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	18.1%	12.7%
Quick-Service Restaurants	77.5	0.8%	2.2%	4.0%
Service Stations	519.9	-6.8%	-1.2%	-1.5%
Specialty Stores	87.3	134.9%	87.2%	7.7%
Total All Accounts	\$2,400.4	1.6%	4.5%	2.5%
County & State Pool Allocation	\$455.2	31.4%	35.2%	12.5%
Gross Receipts	\$2,855.6	5.4%	8.5%	3.5%