

Q3 2014



El Dorado County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

El Dorado County In Brief

Receipts for the unincorporated area's July through September sales were 2.6% higher than the same quarter one year ago.

Higher returns in the fuel and service station group were inflated by multiple payment deviations.

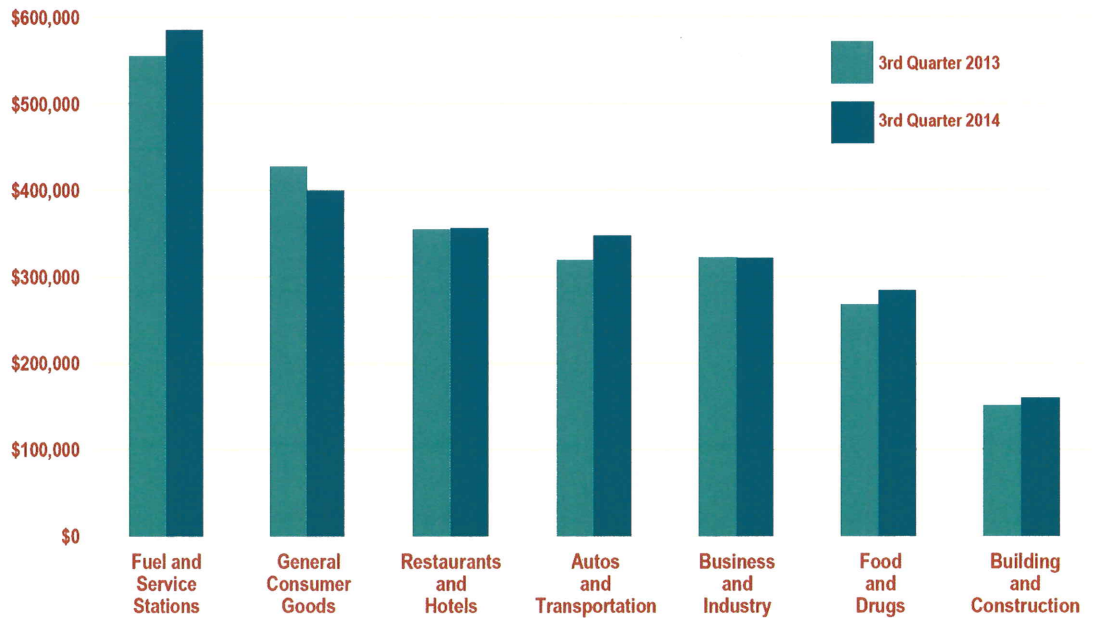
Sales activity in auto-related sectors increased compared to last year with particular gains in used autos. A new business contributed to the rise in food and drugs while a new eatery in fine dining offset lower returns in casual dining.

The drop in specialty stores due to a year ago onetime use tax payment accounted for the decline in general consumer goods. Once removed, actual receipts rose 4.1%.

An increase in the countywide use tax allocation pool was a contributing factor to higher overall gross receipts.

Adjusted for aberrations, taxable sales for all of El Dorado County increased 3.7% over the comparable time period, while the Sacramento region as a whole was up 4.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Cameron Park Circle K 76	McDonalds
Cameron Park Petroleum	Meeks Building Center
Camp Richardson Resort	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

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$4,728,871	\$4,969,481
County Pool	877,888	935,747
State Pool	2,679	3,813
Gross Receipts	\$5,609,438	\$5,909,041
Less Triple Flip*	\$(1,402,359)	\$(1,477,260)

*Reimbursed from county compensation fund

Published by HdL Companies in Winter 2015

www.hdlcompanies.com | 888.861.0220



California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

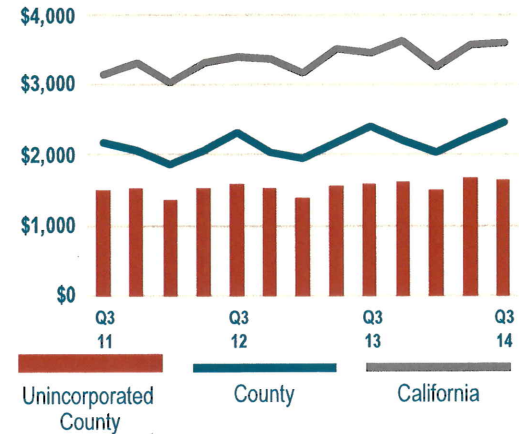
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

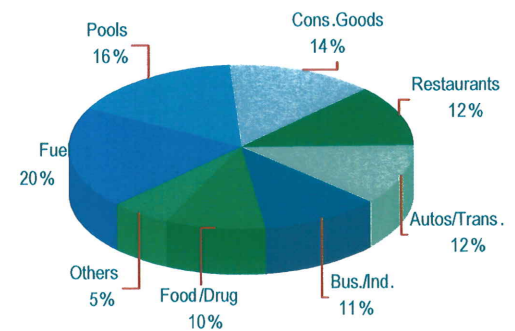
Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
El Dorado County This Quarter



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Unincorporated County Q3 '14*	Unincorporated County Change	County Change	HdL State Change
Automotive Supply Stores	51.0	0.6%	-2.5%	-0.2%
Business Services	63.2	14.1%	8.9%	-11.9%
Casual Dining	153.6	-1.0%	1.5%	6.1%
Contractors	67.0	13.0%	6.2%	11.6%
Discount Dept Stores	— CONFIDENTIAL —		0.9%	2.5%
Garden/Agricultural Supplies	47.2	-6.7%	-7.7%	3.1%
Grocery Stores Beer/Wine	52.0	1.6%	2.8%	2.4%
Grocery Stores Liquor	152.4	4.5%	1.0%	8.6%
Hotels-Liquor	55.8	-2.1%	2.4%	5.9%
Light Industrial/Printers	61.9	-17.1%	-23.4%	5.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —		5.3%	8.0%
Quick-Service Restaurants	83.6	5.7%	2.1%	8.4%
Service Stations	551.0	6.0%	4.0%	1.2%
Specialty Stores	47.3	-44.8%	-33.9%	6.0%
Wineries	48.9	13.5%	8.8%	3.9%
Total All Accounts	\$2,454.2	2.2%	2.4%	5.5%
County & State Pool Allocation	\$476.5	4.7%	4.9%	10.2%
Gross Receipts	\$2,930.7	2.6%	2.8%	6.1%