

# Q4 2014



# El Dorado County Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

## El Dorado County In Brief

Receipts for the unincorporated area's October through December sales were 2.6% higher than the same quarter one year ago. Actual sales activity was flat when reporting aberrations were factored out.

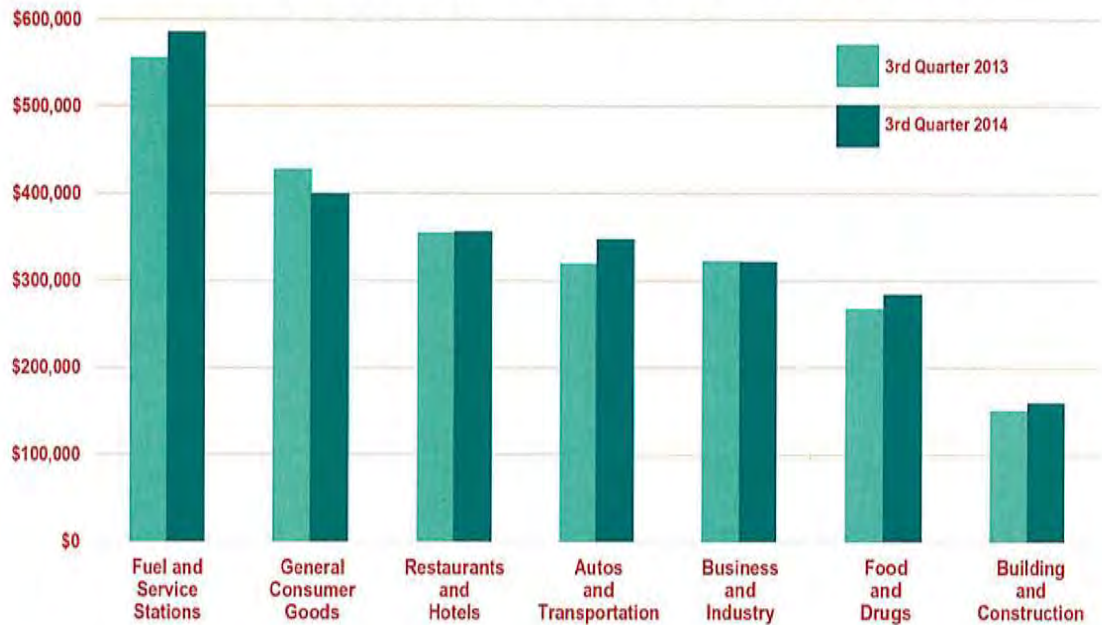
A double payment accounted for the gain in the service station group. Revenues slipped 8.8% due to lower fuel prices once this onetime event was removed. Receipts in general consumer goods were overstated by a retroactive adjustment related to a new store in family apparel. Nonetheless, holiday returns rose 3.6% on an actual basis.

Recent openings boosted returns in restaurants while sales activity in food and drugs surpassed regional trends.

Onetime use tax that inflated year-ago proceeds exaggerated the decline in business and industry.

Adjusted for aberrations, taxable sales for all of El Dorado County increased 0.7% over the comparable time period, while the Sacramento region as a whole was up 2.9%.

## 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	My Goods Market
Crystal View Shell	Quick Stop Market
CVS Pharmacy	Raleys
DST Innovis	Ross
El Dorado Hills Chevron	Safeway
Golden State Flow Measurement	Safeway Fuel Center
Heavenly Valley Cal Base Lodge	Shell
K Mart	Shingle Springs Honda
Lees Feed & Western Store	Shingle Springs Nissan Subaru
McDonalds	Target
Meeks Building Center	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

## Holiday Quarter Up

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

## Gasoline Supply and Demand

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

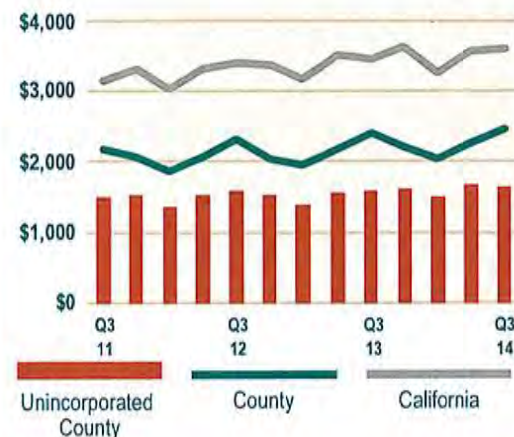
## Triple Flip Unwind

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

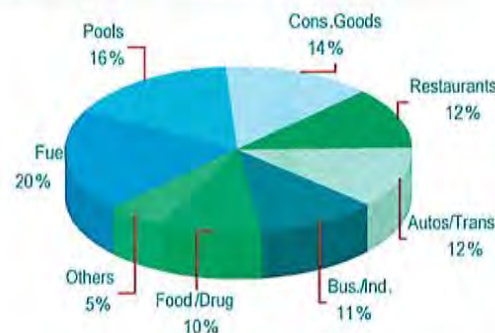
The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

## 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%
<b>Total All Accounts</b>	<b>\$2,454.2</b>	<b>2.2%</b>	<b>2.4%</b>	<b>5.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$476.5</b>	<b>4.7%</b>	<b>4.9%</b>	<b>10.2%</b>
<b>Gross Receipts</b>	<b>\$2,930.7</b>	<b>2.6%</b>	<b>2.8%</b>	<b>6.1%</b>