

Q1 2015



El Dorado County Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2015)

El Dorado County In Brief

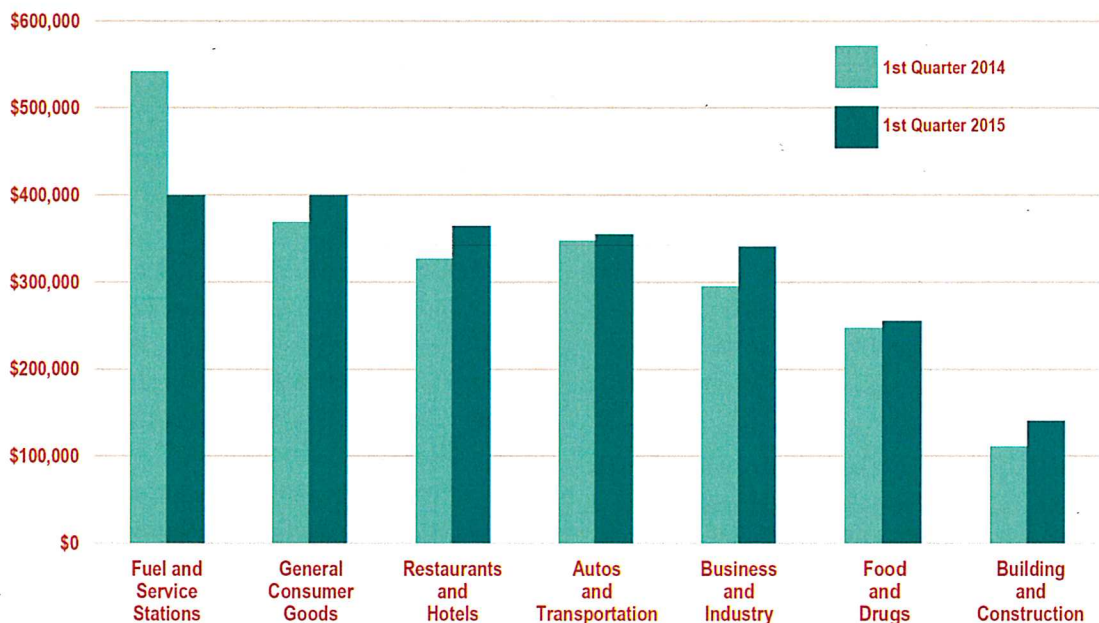
Receipts for the unincorporated area's January through March sales were flat compared to the same quarter one year ago. Actual sales activity was up 1.3% when reporting anomalies were excluded.

Recent additions contributed to gains from family apparel and casual dining, although payment deviations inflated results from the latter. Both the business and industry and building and construction groups posted solid results from multiple classifications, but accounting events embellished results from light industrial-printers and contractor supplies. Payment anomalies were a factor for the larger postings from general consumer goods and temporarily offset a 1.4% decline in sales from the automotive group.

Receipt of a double payment in the year-ago quarter, combined with an accounting event that pared current quarter cash receipts exaggerated the impact of lower fuel prices on service station returns.

Adjusted for aberrations, taxable sales for all of El Dorado County rose 4.4% over the same time period; the Sacramento region as a whole was up 6.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Cameron Park Circle K 76	Meeks Building Center
Cameron Park Petroleum	Mercedes Benz of El Dorado Hills
Crystal View Shell	My Goods Market
CVS Pharmacy	Raleys
DST Innovis	Safeway
El Dorado Hills Chevron	Safeway Fuel Center
Frontier Dental Labs	Shell
Golden State Flow Measurement	Shingle Springs Honda
Heavenly Valley Cal Base Lodge	Shingle Springs Nissan Subaru
K Mart	Sierra at Tahoe
Lees Feed & Western Store	Target
McDonalds	TJ Maxx
	Walmart

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$9,383,715	\$9,717,593
County Pool	1,842,361	1,884,529
State Pool	6,715	6,792
Gross Receipts	\$11,232,791	\$11,608,915
Less Triple Flip*	\$(2,808,198)	\$(2,902,229)

*Reimbursed from county compensation fund

California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

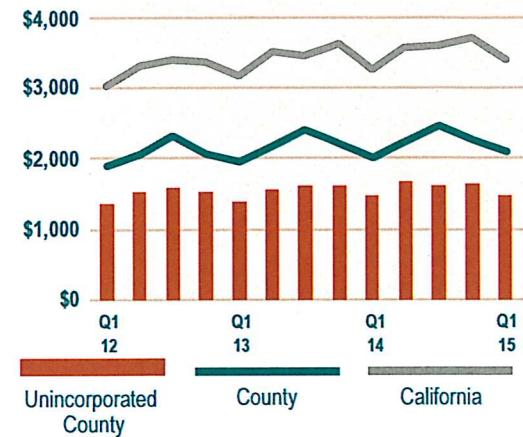
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

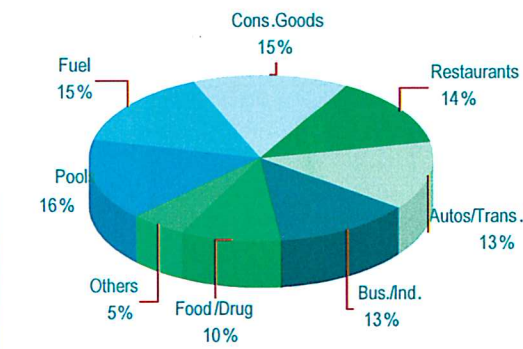
Tax on Marijuana

A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

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 Q1 '15*	Unincorporated County Change	County Change	HdL State Change
Auto Repair Shops	43.2	4.9%	7.4%	7.0%
Automotive Supply Stores	56.5	-0.6%	1.7%	5.3%
Business Services	96.6	32.6%	34.4%	25.7%
Casual Dining	209.0	25.4%	17.0%	5.9%
Contractors	63.8	61.7%	43.4%	15.3%
Discount Dept Stores	— CONFIDENTIAL —		6.3%	4.2%
Drug Stores	— CONFIDENTIAL —		12.8%	10.7%
Garden/Agricultural Supplies	50.7	18.6%	13.7%	17.3%
Grocery Stores Beer/Wine	45.1	-0.4%	1.5%	-3.5%
Grocery Stores Liquor	139.5	2.0%	-2.2%	5.0%
Light Industrial/Printers	54.6	29.3%	18.5%	5.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —		15.0%	11.1%
Quick-Service Restaurants	79.8	5.9%	4.3%	10.5%
Service Stations	363.2	-28.2%	-25.3%	-21.9%
Specialty Stores	52.1	19.9%	16.0%	9.5%
Total All Accounts	\$2,254.4	0.7%	3.8%	3.6%
County & State Pool Allocation	\$424.4	-3.5%	-0.5%	1.1%
Gross Receipts	\$2,678.8	0.0%	3.1%	3.3%