

Q2 2015



El Dorado County Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

El Dorado County In Brief

The unincorporated area's receipts from April through June were 0.9% above the second sales period in 2014.

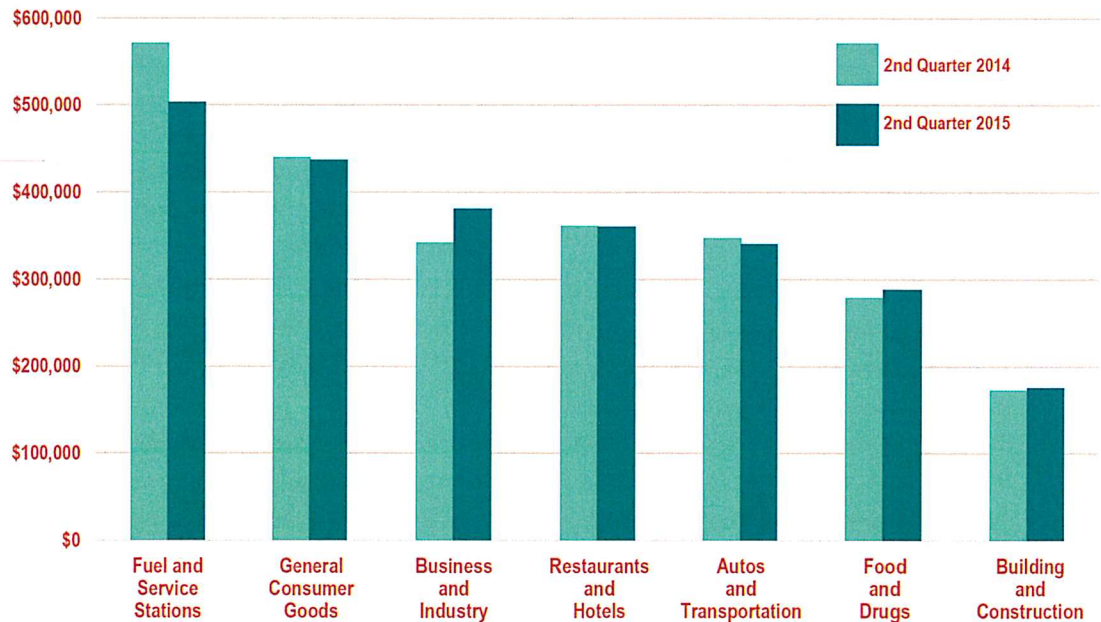
Solid returns from garden-agricultural suppliers and business service providers boosted business-industry, while increased activity led to growth from food-drug stores. Though building-construction experienced mixed results, improving sales of plumbing-electrical supplies lifted group receipts.

An 11.7% increase in the county's share of the use tax pool allocation further contributed to the positive outcome.

The gains were mostly offset by declines in revenue from service stations due to decreased retail gas prices. Sluggish sales by auto-transportation merchants also negatively impacted overall results.

Net of aberrations, taxable sales for all of El Dorado County grew 4.0% over the comparable time period; the Sacramento region was up 4.4%.

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	Nuggets Market
CVS Pharmacy	Quick Stop Market
DST Innovis	Raleys
El Dorado Hills Chevron	Safeway
Golden State Flow Measurement	Safeway Fuel
K Mart	Shell
Lees Feed & Western Store	Shingle Springs Honda
McDonalds	Shingle Springs Nissan Subaru
Meeks Building Center	Target
	TJ Maxx
	Toms Sierra Fuel
	Walmart

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$2,515,328	\$2,487,288
County Pool	461,028	515,083
State Pool	2,023	2,236
Gross Receipts	\$2,978,379	\$3,004,607
Less Triple Flip*	\$(744,595)	\$(751,152)

*Reimbursed from county compensation fund

Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

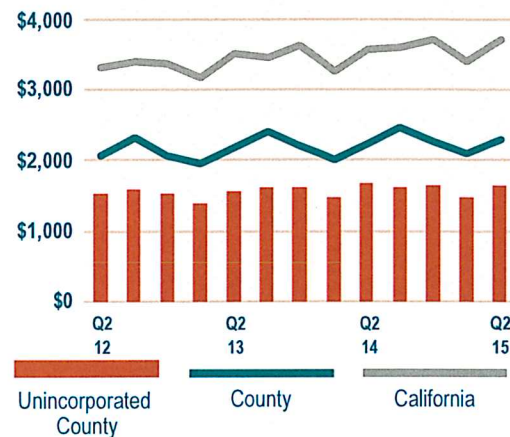
Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

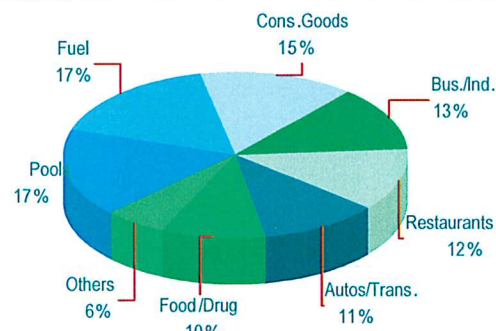
The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP El Dorado County This Quarter



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q2 '15*	Change	Change	Change
Automotive Supply Stores	54.1	-2.1%	-1.6%	5.5%
Business Services	92.6	22.5%	22.8%	5.9%
Casual Dining	204.9	12.0%	12.5%	6.0%
Contractors	69.1	-12.7%	-3.5%	14.3%
Discount Dept Stores	— CONFIDENTIAL —	—	-2.5%	-0.1%
Drug Stores	— CONFIDENTIAL —	—	-8.2%	-8.0%
Garden/Agricultural Supplies	63.8	11.3%	8.1%	7.4%
Grocery Stores Beer/Wine	55.1	4.2%	2.8%	2.1%
Grocery Stores Liquor	152.9	3.0%	0.2%	3.6%
Light Industrial/Printers	48.9	-0.5%	5.0%	-0.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	19.1%	9.2%
Quick-Service Restaurants	88.3	4.7%	4.9%	9.2%
Service Stations	474.7	-11.7%	-10.0%	-11.7%
Specialty Stores	59.5	-13.2%	-7.1%	5.6%
Wineries	48.1	-1.0%	-2.7%	7.3%
Total All Accounts	2,487.3	-1.1%	2.8%	2.8%
County & State Pool Allocation	517.3	11.7%	16.2%	11.8%
Gross Receipts	3,004.6	0.9%	4.9%	3.8%