

Q4  
2015



# El Dorado County Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2015)

## El Dorado County In Brief

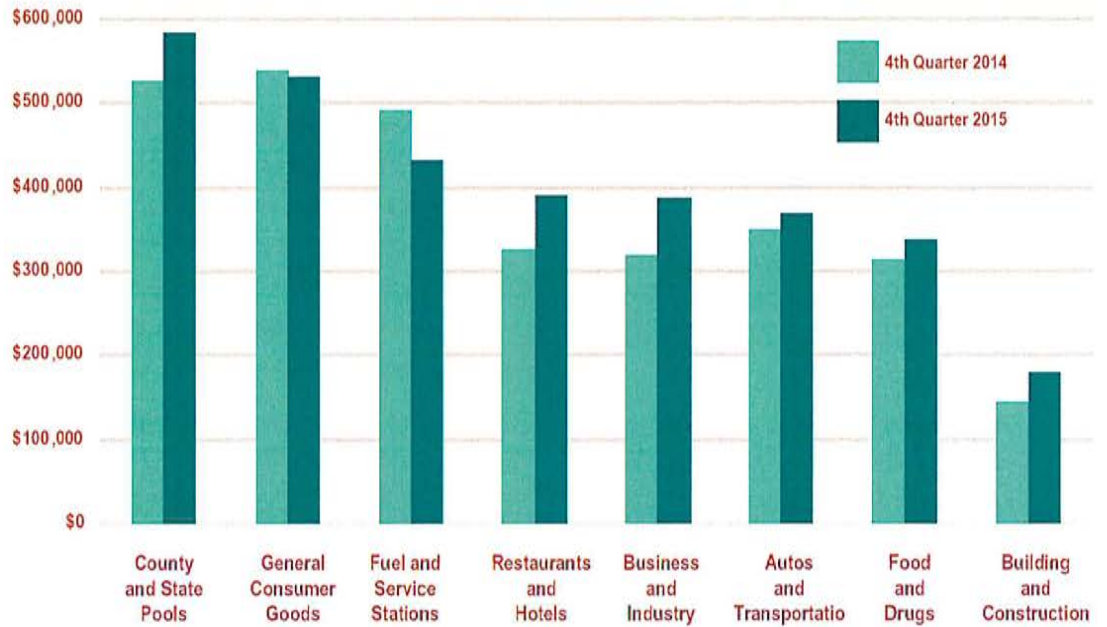
The unincorporated area's receipts from October through December were 6.0% above the fourth sales period in 2014. Excluding reporting aberrations, actual sales were up 4.8%.

The onset of the winter's snow reflected in this quarter's results with tourism helping to drive up sales for the restaurant and food/drug groups. Most segments of the business/industry and construction trade groups also saw greater activity this quarter. The auto/transportation group's gain was exaggerated by a prior year reporting aberration.

The continuing decline in fuel prices lowered fuel receipts while a prior year reporting aberration lowered returns for the general consumer good group to partially offset the gains shown above.

Net of aberrations, taxable sales for all of El Dorado County grew 8.0% over the comparable time period; the Sacramento region was up 6.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

In ALPHABETICAL ORDER

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

## REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$7,463,243	\$7,630,122
County Pool	1,460,136	1,555,720
State Pool	6,745	9,092
Gross Receipts	\$8,930,125	\$9,194,934
Less Triple Flip*	\$(2,232,531)	\$(2,298,734)

\*Reimbursed from county compensation fund

## California Overall

Excluding accounting aberrations, local sales and use tax receipts from the fourth quarter of 2015 ended 2.6% above 2014's holiday quarter.

Solid returns for autos, RVs, building materials and most categories of restaurants were the primary contributors to the statewide increase. The growth in online shopping for merchandise shipped from out-of-state continued to raise countywide use tax allocation pool revenues.

The gains were largely offset by a 13.2% drop in tax receipts from service stations and other fuel-related expenditures. Except for value price clothing and shoes, most categories of general consumer goods were flat or down, reflecting heavy price discounting to reduce excess holiday inventories and the impact of the strong dollar on international tourist spending.

With some exceptions, particularly in the areas of computers and agricultural chemicals, overall receipts from business and industrial expenditures were also down primarily due to cutbacks in capital spending by energy producers and manufacturers of exported goods, equipment and raw materials.

Intense competition and price pressures resulted in only modest gains in receipts from grocers and pharmacists with the largest increase in this group coming from liquor stores and marijuana dispensaries.

HdL's most recent economic consensus forecast anticipates similar modest gains through 2016 with an eventual peak in auto sales replaced by strong sales of building and construction materials for home improvement and new housing. A recovery in tax receipts from fuel is not expected until the end of the year.

## The Triple Flip Is Over!

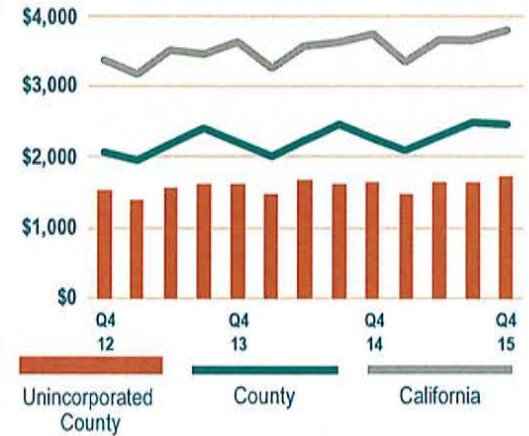
Beginning with taxes collected in January and forward, local governments will again receive their full share of Bradley-Burns sales and use tax revenues thus ending an eleven-year program known as the Triple Flip.

The program began in 2004 when voters approved a \$15 billion bond issue to cover operating deficits resulting from a combination of that year's economic downturn plus failure to offset the loss of revenue from the Governor's popular reduction in the 65-year-old, 2% Motor Vehicle In-Lieu Tax.

The State retained 25% of local sales tax to guarantee the bonds, reimbursed local governments from monies meant for schools and replaced the money taken from schools with state general funds thus creating what became known as the Triple Flip. The financing scheme resulted in interest payments totaling \$4.8 billion, plus another \$200 million in administrative fees while creating new budget challenges for local governments.

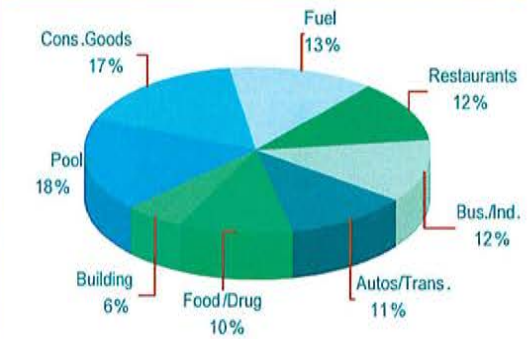
It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP

El Dorado Co. Uninc This Quarter



## EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Unincorporated County Q4 '15*	Unincorporated County Change	County Change	HdL State Change
Auto Repair Shops	53.5	11.4%	11.5%	5.7%
Business Services	95.4	29.3%	29.9%	15.6%
Casual Dining	210.2	20.5%	38.6%	6.1%
Contractors	72.7	22.2%	17.0%	11.3%
Discount Dept Stores	—	CONFIDENTIAL	1.8%	3.0%
Drug Stores	50.7	3.4%	1.5%	1.2%
Garden/Agricultural Supplies	53.4	10.9%	15.3%	16.3%
Grocery Stores Liquor	193.0	2.9%	2.6%	0.5%
Hotels-Liquor	—	CONFIDENTIAL	107.8%	3.7%
Light Industrial/Printers	67.1	13.1%	53.3%	5.3%
New Motor Vehicle Dealers	—	CONFIDENTIAL	23.9%	7.9%
Quick-Service Restaurants	85.3	-1.2%	9.3%	7.9%
Service Stations	400.0	-11.3%	-9.8%	-10.5%
Specialty Stores	58.5	7.6%	10.3%	4.3%
Wineries	49.9	0.7%	0.7%	6.7%
<b>Total All Accounts</b>	<b>2,619.4</b>	<b>5.0%</b>	<b>10.3%</b>	<b>2.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>583.9</b>	<b>10.7%</b>	<b>16.3%</b>	<b>10.8%</b>
<b>Gross Receipts</b>	<b>3,203.2</b>	<b>6.0%</b>	<b>11.4%</b>	<b>3.5%</b>