

Q3  
2016



# El Dorado County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2016)

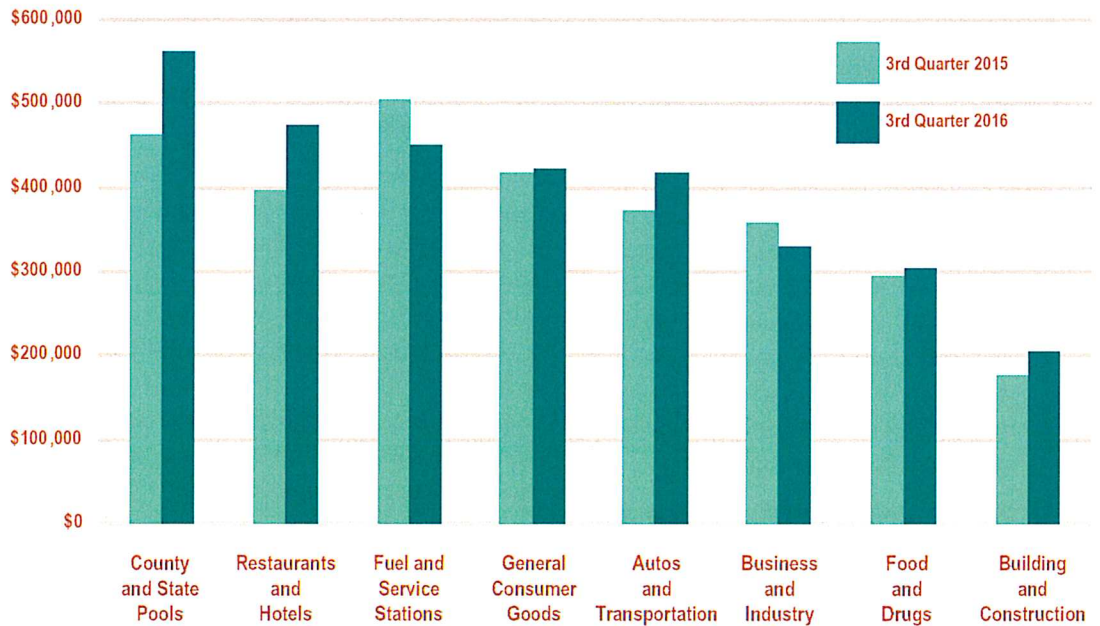
## El Dorado County In Brief

El Dorado County's allocation of sales and use tax revenues from unincorporated area sales occurring July through September was 6.0% higher than the same quarter of 2015. Actual sales activity was up 4.9% after accounting anomalies are factored out.

The increase came primarily from a solid quarter for autos, restaurants and building-construction materials. A rise in the county wide use tax allocation pool was also a factor and due to the acceleration in online shopping where much of the orders are placed to out-of-state call centers and/or shipped from out-of-state. The unincorporated area generates 53% of countywide sales and therefore receives 53% of the pool revenues.

Adjusted for aberrations, sales and use tax receipts for all of El Dorado County including its cities, grew 6.0% over the comparable time period while the six county Sacramento region as a whole, was up 2.9%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Cameron Park Petroleum	Mercedes Benz of El Dorado Hills
Camp Richardson Resort	My Goods Market
Chevron	Quik Stop
Circle K 76	Raleys
CVS Pharmacy	Safeway
Daimler Trust	Safeway Fuel
DST Innovis	Shell (2)
Golden State Flow Measurement	Shingle Springs Honda
Heavenly Valley Cal Base Lodge	Shingle Springs Nissan Subaru
Lees Feed & Western Store	Target
McDonalds	TJ Maxx
Meeks Building Center	Walmart

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$5,010,766	\$5,180,085
County Pool	978,192	1,217,326
State Pool	2,733	1,944
Gross Receipts	\$5,991,691	\$6,399,355
Less Triple Flip*	\$(1,497,923)	\$0

\*Reimbursed from county compensation fund

**Statewide Results**

Statewide local sales and use taxes from transactions occurring July through September were up 1.9% over the same third sales quarter of 2015 after factoring for accounting anomalies.

The countywide use tax allocation pools contributed the largest portion of the increase reflecting the acceleration in online shopping where most orders are shipped from out-of-state. Automotive group receipts rose 5.4% over the year-ago period although more than half of the increase was from a specific electric car manufacturer. Higher returns from restaurants and sales of building/construction materials also contributed to the statewide gain.

The gains were significantly offset by a 14.6% drop in receipts from fuel and service stations and a generally flat quarter for other economic segments. General consumer goods grew less than 1%. Value priced clothing, pet shops, cosmetics and dollar stores were among the few bright spots.

Business and industrial tax revenue was down 1.9%. Relatively healthy sales of agricultural and medical/biotech supplies could not overcome the decline in new alternative energy projects and a flat quarter for most other categories.

**The Year Ahead**

The consensus from dozens of industry analysts, economic think tanks and trade associations is for a leveling off in the rate of sales tax growth that the state has enjoyed for the last six years.

Manufacturer incentives are expected to produce lower gains from new vehicle purchases through the end of 2016 and it is believed that dealers are now borrowing from 2017 sales. Vehicle sales are expected to drop in 2017-18 but the trend toward higher priced vehicles loaded with options could maintain tax revenues close to current levels.

Consumer preferences toward spending more on services rather than goods, digital downloading of previously taxable products and rising health care and housing costs will be a drag on sales of consumer

goods.

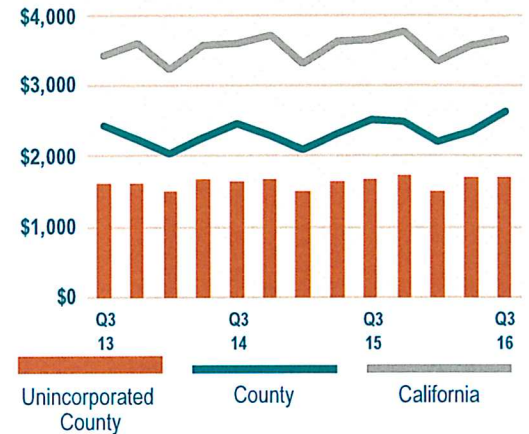
Receipts from fuel and service stations may be one of the largest gainers in 2017-18. New Middle East agreements on production caps are raising crude oil prices while California's limited refinery capacity and the trend toward less fuel-efficient SUV's and trucks have analysts believing that prices have finally leveled out and will rise through the year.

Continuing gains from restaurants are also expected although at lower than previous rates because of reduced grocery prices and the cost of eating at home. The growing strength of the dollar and recent criticisms of trade agreements and immigrants could reduce international tourism.

It usually takes up to two years for new stimulus programs to be reflected in sales tax receipts. As many of the coming administration's proposals related to trade, immigration, health services and the environment present potential issues for a significant number of California industries, delays in major construction projects and business/industrial investments are expected until these are sorted out.

HdL's current forecast is for a statewide increase of 2.5% in 2016-17 and 3.4% in 2017-18 compared to a year earlier.

**SALES PER CAPITA**



**COUNTY OVERALL 3Q YOY RECEIPTS % CHANGE**

Major Industry Groups	Cash	Actual *
Autos and Transportation	6.2%	8.2%
Building and Construction	10.1%	8.1%
Business and Industry	-7.2%	0.1%
Food and Drugs	4.6%	4.2%
Fuel and Service Stations	-10.1%	-10.6%
General Consumer Goods	4.5%	4.2%
Restaurants and Hotels	19.5%	10.7%
Transfers and Unidentified	223.7%	-100.0%
County and State Pools	23.1%	17.0%
<b>Total</b>	<b>7.8%</b>	<b>6.0%</b>

\*Accounting anomalies factored out

**REVENUE BY BUSINESS GROUP**  
El Dorado Co. Uninc This Quarter

