

# Q2 2017



# El Dorado County Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2017)

## El Dorado County In Brief

The Unincorporated Area's receipts from April through June were 4.4% above the second sales period in 2016.

This quarter's results exceeded expectations in part because of a tax recovery that occurred.

New car sales inched upward compared to last year with most dealers reporting level or slightly lower sales. Reporting adjustments affecting auto repair shops created the bulk of the gains they reported.

Rising fuel prices pumped up gas station receipts while most categories of general retail reported sales gains for the general consumer goods group.

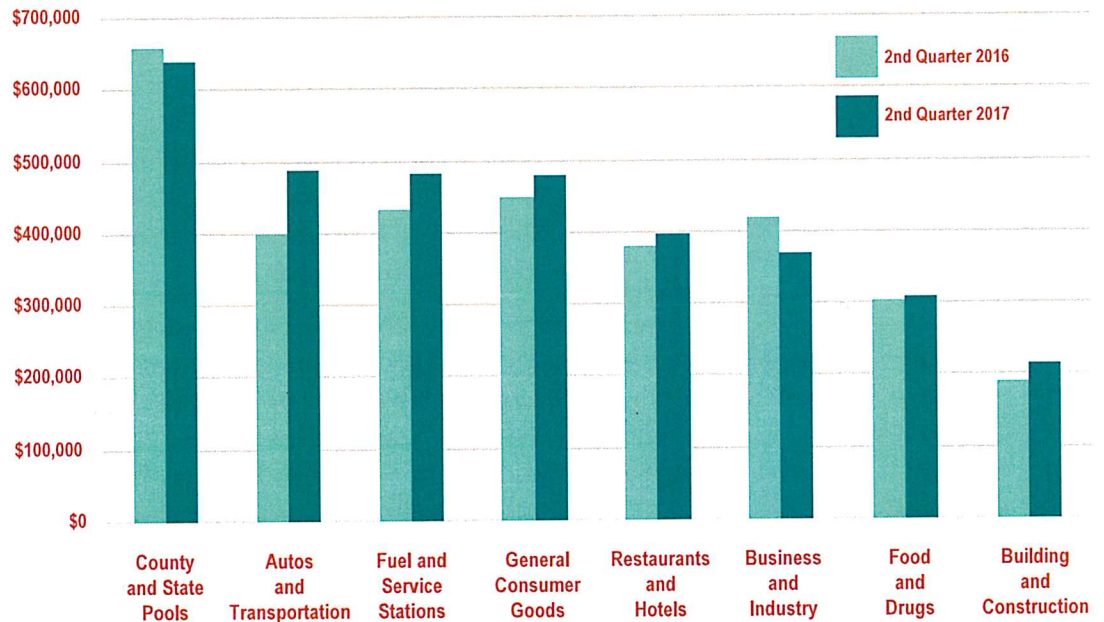
Increased construction activity drew from local material suppliers and kept contractors busier this quarter.

Hotels with restaurants and bars along with fast casual style dining venues reported the largest gains for the restaurant group.

A series of reporting adjustments affecting various segments of the business/industry group more than offset gains reported within the business services segment.

Net of reporting adjustments, taxable sales for all of El Dorado County grew 4.8% over the comparable time period; the Sacramento region was up 4.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ADP Output Services	My Goods Market
AT&T Mobility	Nugget Markets
Cameron Park Arco AM PM	Quik Stop
Camp Richardson Resort	Raleys
Chevron	Safeway
Circle K 76	Safeway Fuel
CVS Pharmacy	Shell
Daimler Trust	Shingle Springs Honda
Golden State Flow Measurement	Shingle Springs Nissan Subaru
Lees Feed & Western Store	Target
Meeks Building Center	TJ Maxx
Mercedes Benz of El Dorado Hills	True Value Hardware
	Walmart

### REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$2,574,577	\$2,733,945
County Pool	656,907	640,959
State Pool	986	(1,553)
<b>Gross Receipts</b>	<b>\$3,232,470</b>	<b>\$3,373,351</b>
Less Triple Flip*	\$0	\$0

\*Reimbursed from county compensation fund

## California Overall

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

### Where does the Money Go?

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

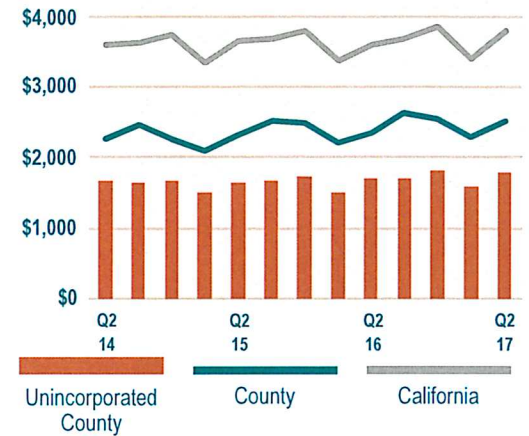
Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

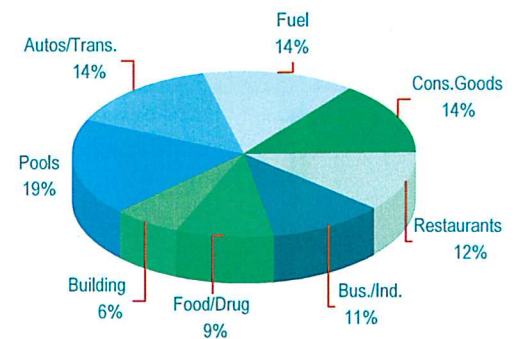
Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

## SALES PER CAPITA



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



## EL DORADO COUNTY TOP 15 BUSINESS TYPES

*\*In thousands of dollars*

Business Type	Unincorporated County		County	HdL State
	Q2 '17*	Change	Change	Change
Auto Lease	— CONFIDENTIAL —		231.1%	15.5%
Auto Repair Shops	60.2	19.5%	9.1%	9.2%
Automotive Supply Stores	57.3	7.0%	7.6%	2.8%
Building Materials	98.1	16.3%	7.5%	6.1%
Business Services	102.4	-9.9%	-9.2%	7.3%
Casual Dining	223.9	-1.4%	5.7%	2.2%
Contractors	74.4	11.8%	4.2%	9.5%
Convenience Stores/Liquor	78.5	15.1%	11.3%	5.2%
Discount Dept Stores	— CONFIDENTIAL —		-0.2%	3.2%
Garden/Agricultural Supplies	74.0	6.8%	10.7%	4.4%
Grocery Stores	161.3	0.0%	4.5%	2.1%
New Motor Vehicle Dealers	211.8	1.7%	4.3%	3.2%
Quick-Service Restaurants	85.0	2.1%	3.9%	5.8%
Service Stations	452.7	11.7%	12.2%	8.6%
Specialty Stores	71.9	12.1%	13.9%	1.0%
<b>Total All Accounts</b>	<b>2,733.9</b>	<b>6.2%</b>	<b>7.0%</b>	<b>6.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>639.4</b>	<b>-2.8%</b>	<b>-2.1%</b>	<b>-9.9%</b>
<b>Gross Receipts</b>	<b>3,373.4</b>	<b>4.4%</b>	<b>5.1%</b>	<b>4.1%</b>