

# Q3 2017



# El Dorado County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2017)

## El Dorado County In Brief

The Unincorporated Area's receipts from July through September were 8.1% above the third sales period in 2016. Excluding reporting aberrations, actual sales were up 5.5%.

A non-recurring positive adjustment accounted for the double digit increase in the business and industry group. Similar events bumped up food and drugs.

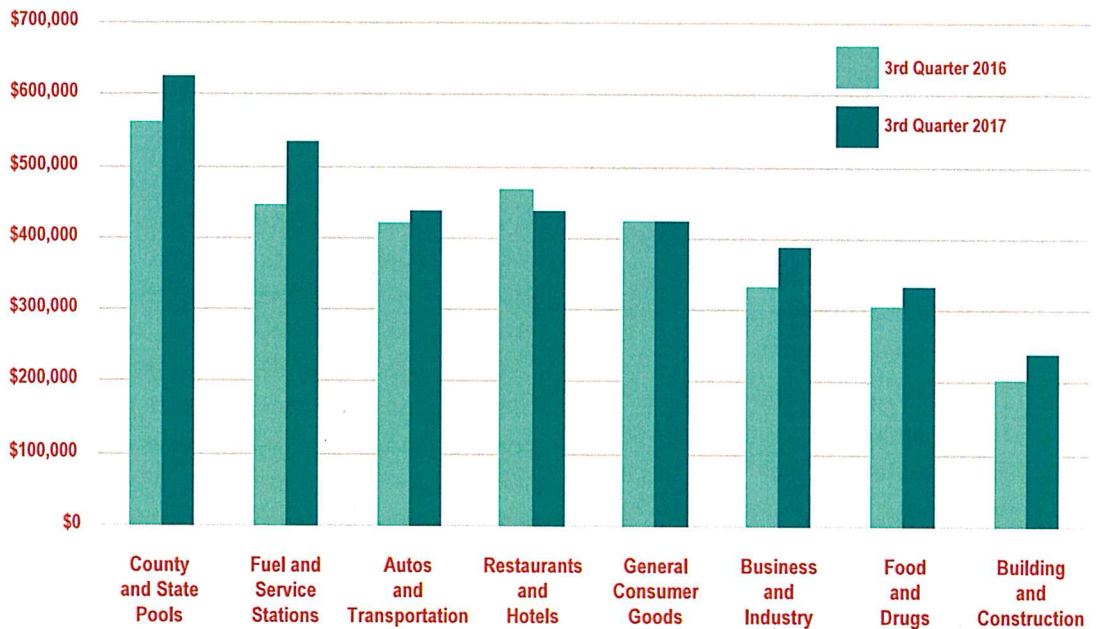
Higher prices spiked fuel-related receipts. Robust construction activity boosted building and construction categories which outpaced regional trends.

The countywide use tax allocation pool continues to be the top contributor to the county's sales tax base.

Recent closures hampered results in general retail while multiple payment deviations and adjustments dragged down restaurants and hotels.

Net of aberrations, taxable sales for all of El Dorado County grew 6.4% over the comparable time period; the Sacramento region was up 6.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Broadridge Output Solutions	Meeks Building Center
Cameron Park Arco AM PM	Mercedes Benz of El Dorado Hills
Camp Richardson Resort	Musco Sports Lighting
Chevron	My Goods Market
Circle K 76	Quik Stop
Crystal View Shell	Safeway
CVS Pharmacy	Safeway Fuel
Daimler Trust	Shell
Foothill Health & Wellness	Shingle Springs Honda
Golden State Flow Measurement	Shingle Springs Nissan Subaru
Jon-Don	Target
Lees Feed & Western Store	TJ Maxx
	Walmart

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$5,180,085	\$5,532,938
County Pool	1,217,326	1,262,862
State Pool	1,944	800
<b>Gross Receipts</b>	<b>\$6,399,355</b>	<b>\$6,796,600</b>

## Statewide Trends

After factoring for accounting anomalies, local government's one-cent share of statewide sales and use tax from July through September sales was 3.6% higher than 2016's summer quarter.

Rising fuel prices, increased demand for building-construction materials and the continuing acceleration in online shopping for merchandise shipped from out-of-state that is expanding receipts from the countywide use tax allocation pools were the primary contributors to the overall increase.

This quarter marked the anticipated leveling off of auto sales while agriculture and transit-related purchases helped boost otherwise tepid gains in business-industrial receipts. Restaurant sales exhibited healthy overall gains of 3.5% although growth rates are slowing from previous quarters.

Receipts from consumer goods sold by brick and mortar stores were up 0.7% over the previous year while revenues from online purchases grew 13.3%.

## Cannabis Taxation

A 15% excise tax on retail cannabis and cannabis products along with a cultivation tax and sales tax on recreational uses take effect on January 1, 2018.

Significant sales tax revenues are not expected until late 2018-19 as retail start-ups comply with lengthy state and local permitting processes. Although sales of medicinal cannabis became exempt in 2016 for purchasers with a state issued Medical Marijuana ID card, jurisdictions with dispensaries continue to receive sales tax from that source as most patients prefer to use a note from their physicians.

Some decline in revenues from medical dispensaries are expected as users' transition to new purchase options and because of lower prices caused by anticipated overproduction and the six month window that suppliers have to sell existing inventory grown under previous regulations.

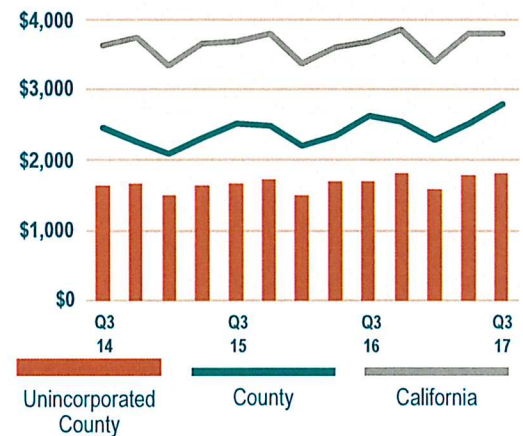
## Sales Tax and Natural Disasters

The recent firestorm tragedies have raised questions on potential bumps in sales tax revenues from reconstruction and recovery activities.

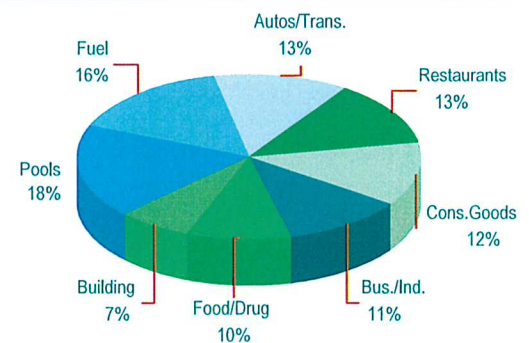
HdL analyzed the sales tax data from the 1991 Oakland Hills, 2003 San Diego Cedar and 2007 San Diego Witch fires which involved the combined loss of over 7,700 structures. Surprisingly, there were no identifiable gains in construction and auto-related purchases within the impacted areas during the five years after each event with receipts following normal economic cycles experienced by the state as a whole.

Further analysis suggests that though the individual losses are catastrophic, purchases of replacement items are a small fraction of the impacted area's total spending and is often spread to other jurisdictions where disaster victims relocate. Tax receipts from construction spending are defused over time because of lengthy claims and permitting processes that cause up to 40% of disaster victims to relocate leaving vacant lots that are not immediately redeveloped.

## SALES PER CAPITA



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



## EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q3 '17*	Change	Change	Change
Automotive Supply Stores	60.8	5.9%	7.4%	3.7%
Building Materials	100.4	17.9%	10.5%	5.6%
Business Services	— CONFIDENTIAL —	—	114.6%	111.0%
Casual Dining	227.4	-3.8%	4.0%	2.3%
Contractors	72.3	-7.6%	3.4%	6.5%
Convenience Stores/Liquor	81.9	16.2%	9.9%	7.8%
Discount Dept Stores	— CONFIDENTIAL —	—	-2.6%	6.1%
Grocery Stores	160.5	-2.1%	2.4%	0.6%
Hotels-Liquor	64.1	-3.7%	-1.1%	4.8%
Light Industrial/Printers	63.0	1.3%	4.4%	-4.0%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	3.3%	0.9%
Plumbing/Electrical Supplies	58.4	55.6%	33.7%	4.6%
Quick-Service Restaurants	88.2	-1.2%	3.1%	4.8%
Service Stations	507.0	15.4%	14.4%	9.2%
Specialty Stores	62.3	9.7%	18.2%	2.2%
<b>Total All Accounts</b>	<b>2,799.0</b>	<b>7.4%</b>	<b>7.2%</b>	<b>4.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>624.3</b>	<b>11.2%</b>	<b>11.0%</b>	<b>4.8%</b>
<b>Gross Receipts</b>	<b>3,423.2</b>	<b>8.1%</b>	<b>7.9%</b>	<b>4.2%</b>