

# Q2 2019



# El Dorado County Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

## El Dorado County In Brief

The unincorporated area's sales activity from April through June was 5.6% above the second sales period in 2018. With the county's allocation from the use tax pool, period activity was up 8.8%. However, total cash receipts were 32% over last year due to payment delays impacting last year's totals after the CDT-FA transitioned to a new sales tax filing system.

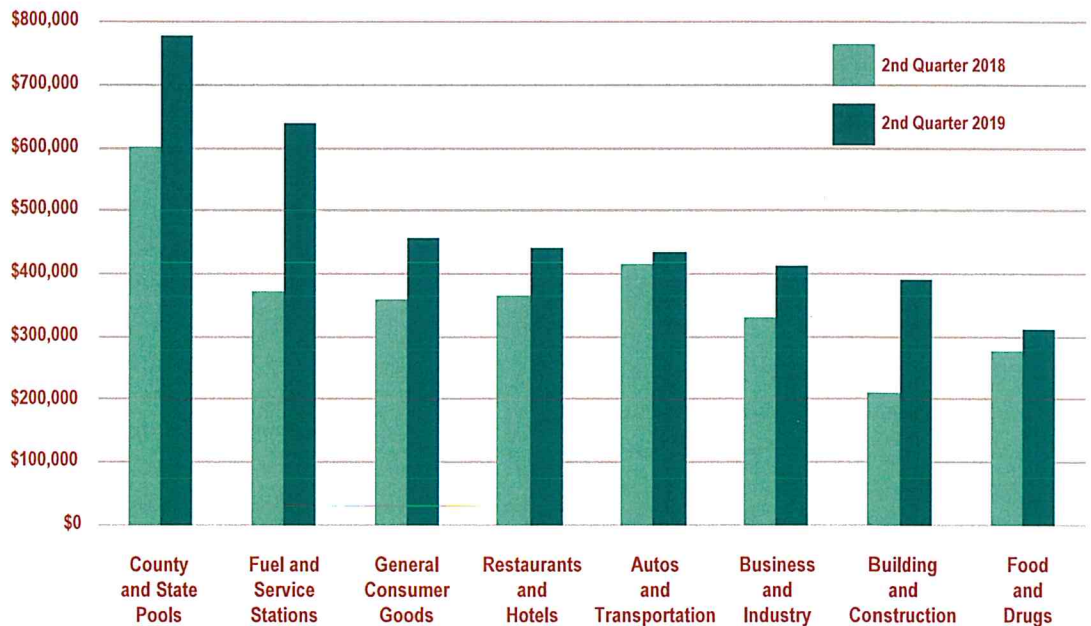
Fuel sales rose sharply with the addition of one new outlet and a new high for the period contributed by another. Used car sales' volume lifted the auto and transportation group as restaurant activity was mixed but flat overall.

Construction material sales rose sharply while the county's allocation from the use tax pool rose along with the size of the pool, which grew as missing payments were recovered. Expect lower allocations in the future once the State posts corrections for payment errors made in the pool as taxpayer's struggled with the new filing system.

A onetime transaction in the prior year along with a shift in reporting allocations by a large taxpayer skewed business and industry receipts lower.

Net of adjustments, taxable receipts for all of El Dorado County grew 6.1% over the comparable time period while those of the entire Sacramento region were up 4.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

American Plastic Lumber	Motor Coach Industries
Arco AMPM	Musco Sports Lighting
Broadridge Output Solutions	Platt Electric Supply
Cameron Park 76	Safeway
Chevron	Safeway Fuel
Crystal View Station	Shell
CVS Pharmacy	Shingle Springs Honda
Express Fuel	Shingle Springs Nissan Subaru
Golden State Flow Measurement	Target
Green Valley Arco	TJ Maxx
Lees Feed & Western Store	True Value Hardware
Meeks Building Center	Walmart
Mercedes Benz of El Dorado Hills	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2017-18	2018-19
Point-of-Sale	\$10,325,802	\$12,827,006
County Pool	2,525,077	3,013,746
State Pool	6,450	6,897
<b>Gross Receipts</b>	<b>\$12,857,329</b>	<b>\$15,847,649</b>

**California Overall**

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter of 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

**Marketplace Facilitator Act**

Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

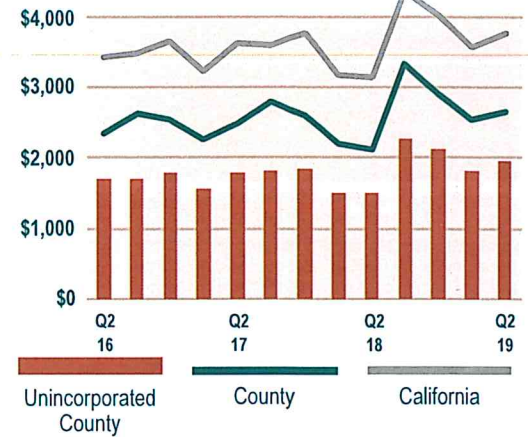
turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

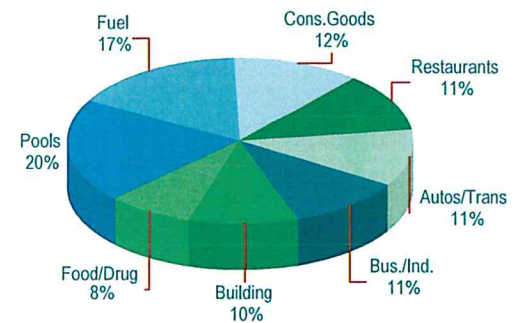
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

**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
	Q2 '19*	Change	Change	Change
Auto Repair Shops	59.4	15.0%	30.7%	21.6%
Automotive Supply Stores	66.8	21.2%	22.3%	16.4%
Building Materials	183.3	94.2%	71.9%	34.1%
Business Services	116.5	23.5%	22.2%	41.9%
Casual Dining	254.5	22.1%	30.7%	24.5%
Contractors	95.2	47.5%	74.7%	26.8%
Convenience Stores/Liquor	51.0	16.7%	0.9%	14.9%
Discount Dept Stores	—	CONFIDENTIAL	24.6%	26.3%
Garden/Agricultural Supplies	72.6	4.0%	2.6%	22.0%
Grocery Stores	174.2	3.5%	-5.8%	9.6%
New Motor Vehicle Dealers	—	CONFIDENTIAL	4.8%	5.4%
Plumbing/Electrical Supplies	104.4	144.5%	101.3%	28.9%
Quick-Service Restaurants	95.7	25.5%	21.2%	15.9%
Service Stations	589.8	71.2%	64.1%	51.4%
Specialty Stores	58.3	-20.0%	-11.2%	-8.5%
<b>Total All Accounts</b>	<b>3,092.0</b>	<b>32.6%</b>	<b>27.9%</b>	<b>20.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>779.3</b>	<b>29.9%</b>	<b>25.3%</b>	<b>22.4%</b>
<b>Gross Receipts</b>	<b>3,871.3</b>	<b>32.0%</b>	<b>27.4%</b>	<b>20.4%</b>