

Q3 2019



El Dorado County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

El Dorado County In Brief

The unincorporated area's receipts from July through September were 8.2% below the third sales period in 2018. This comparison is skewed due to the CDTFA's transition to a new reporting system in the prior year when additional payments were received by the County. Excluding reporting aberrations, actual sales were up 4.3%.

In addition to expected higher summer fuel prices, the opening of a new outlet pushed service stations into double-digit gains. The County experienced a strong sales quarter for plumbing/electrical suppliers, grocers and hotels.

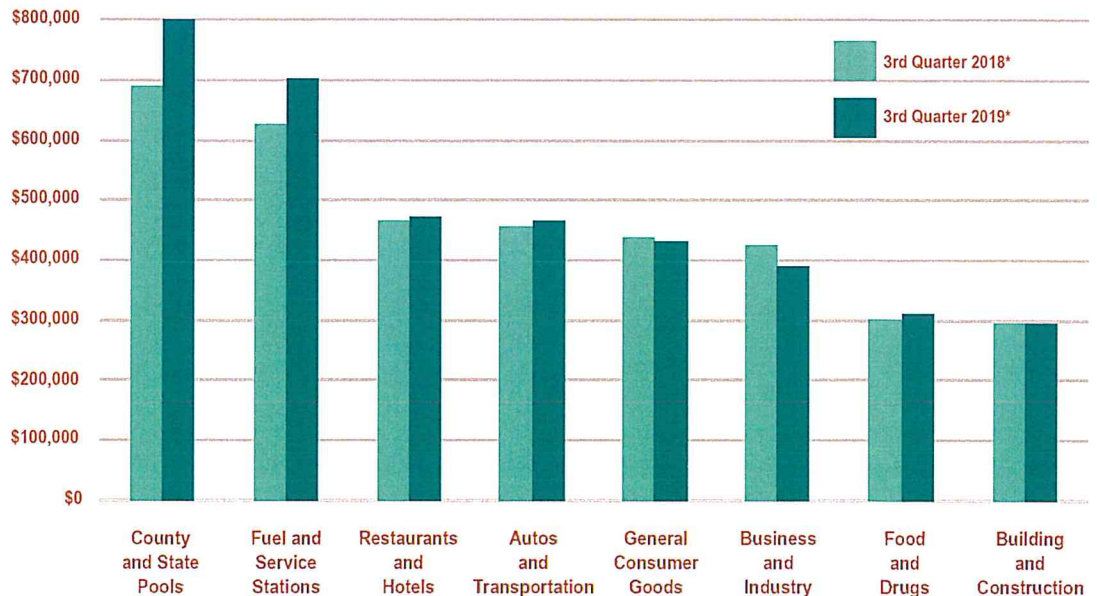
Use taxes increased in part from vendors who supplied products to businesses. Further, new out of state taxpayers subject to the 'Way-fair decision' added to the greater countywide pool allocation.

Strength in a few autos-transportation sectors overcame declines from other segments; the net outcome yielded a net modest improvement in taxes.

Consumer spending on taxable merchandise slowed in building materials, contractors and categories within the general consumer goods group.

Net of aberrations, taxable sales for all of El Dorado County grew 5.1% over the comparable time period; the Sacramento region was up 4.5%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Mercedes Benz of El Dorado Hills
Broadridge Output Solutions	Musco Sports Lighting
Cameron Park 76	My Goods Market
Camp Richardson Resort	Quik Stop
Chevron	Safeway
Crystal View Station	Safeway Fuel
CVS Pharmacy	Shell
Daimler Trust	Shingle Springs Honda
Express Fuel	Shingle Springs Nissan Subaru
Green Valley Arco	Target
Heavenly Valley Cal Base Lodge	TJ Maxx
Lees Feed & Western Store	Walmart
Meeks Building Center	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$3,552,061	\$3,221,327
County Pool	819,431	791,711
State Pool	1,975	1,374
Gross Receipts	\$4,373,467	\$4,014,411

Statewide Results

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

Additional Tax Districts Approved

Voters approved eight of the nine sales

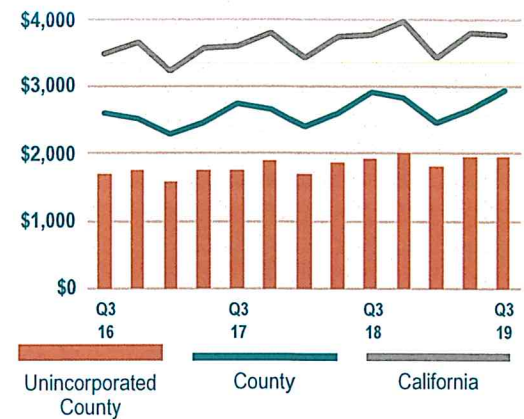
tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

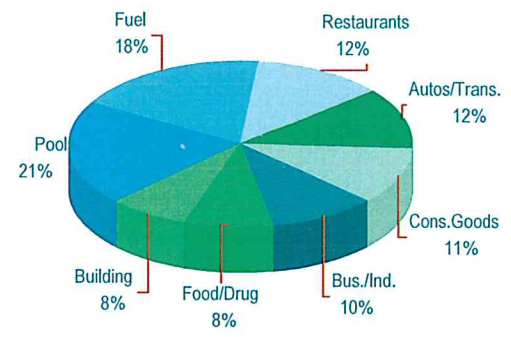
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

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



*Allocation aberrations have been adjusted to reflect sales activity

EL DORADO COUNTY TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Unincorporated County Q3 '19*	Unincorporated County Change	County Change	HdL State Change
Auto Repair Shops	54.2	-1.8%	-4.2%	0.9%
Automotive Supply Stores	65.4	6.6%	12.1%	3.7%
Building Materials	108.3	-9.1%	-6.9%	0.1%
Business Services	122.1	-0.4%	-0.9%	7.1%
Casual Dining	241.2	1.1%	3.1%	2.3%
Contractors	95.7	-7.8%	-9.2%	2.6%
Discount Dept Stores	—	CONFIDENTIAL	-6.4%	2.8%
Garden/Agricultural Supplies	63.8	8.5%	6.5%	4.3%
Grocery Stores	178.1	6.0%	-6.8%	1.7%
Hotels-Liquor	77.4	9.4%	11.5%	1.4%
New Motor Vehicle Dealers	—	CONFIDENTIAL	1.5%	-7.2%
Plumbing/Electrical Supplies	81.0	23.3%	17.8%	4.4%
Quick-Service Restaurants	87.5	-1.4%	-1.8%	2.6%
Service Stations	656.6	11.9%	12.1%	-1.5%
Specialty Stores	66.5	3.9%	1.0%	0.3%
Total All Accounts	3,070.5	1.6%	2.0%	0.2%
County & State Pool Allocation	799.2	15.7%	18.7%	14.9%
Gross Receipts	3,869.6	4.3%	5.1%	2.3%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.