

Q1 2019



El Dorado County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

El Dorado County In Brief

The unincorporated area's receipts from January through March were 21.3% above the first sales period in 2018. Excluding reporting aberrations, actual sales were up 9.6%.

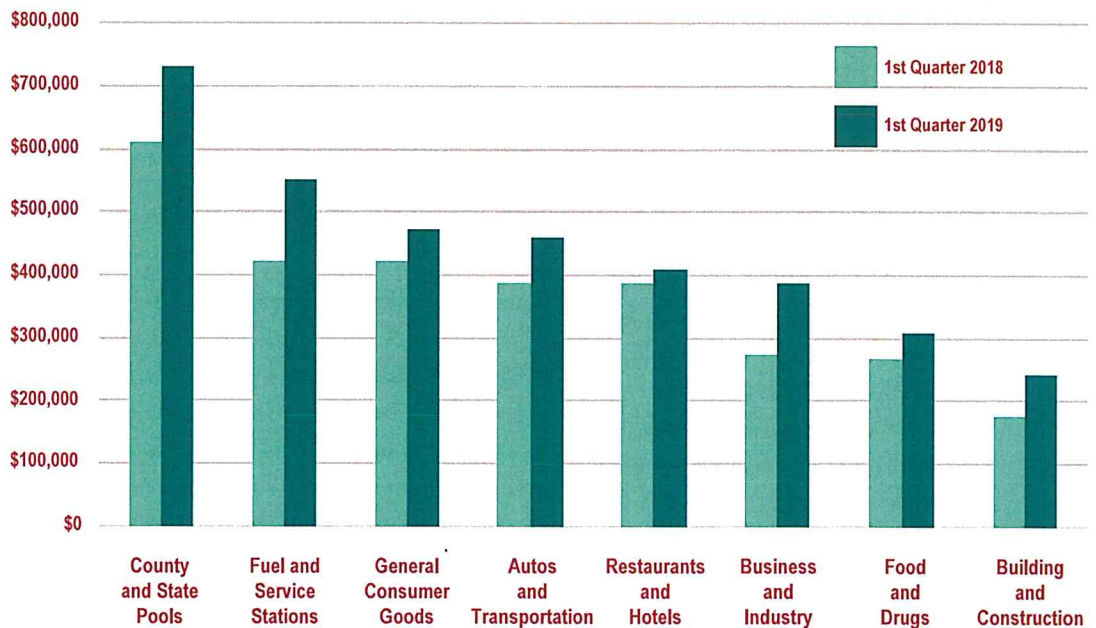
Fuel and service stations had a solid quarter; the group posted gains of 3.3%, after adjusting for anomalies, which outpaced the statewide declining trend due to lower gas prices at the pumps during this quarter. General consumer goods was boosted by the strong ski season which brought consumers into the area. A large onetime payment offset a missing payment in the business and industry category.

Accounting anomalies hid the declining results in casual dining and quick service restaurant and autos and transportation, which otherwise posted slight declines.

A large misallocation inflated results in El Dorado countywide pool. The unincorporated area's pool allocation increased by 19.7% due to the reporting irregularities.

Net of aberrations, taxable sales for all of El Dorado County grew 6.1% over the comparable time period; the Sacramento region was up 4.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

American Plastic Lumber	Jon-Don
Cameron Park 76	Kmart
Cameron Park Arco AMPM	Lees Feed & Western Store
Chevron	Mercedes Benz of El Dorado Hills
Crystal View Station	My Goods Market
CVS Pharmacy	Quik Stop
Daimler Trust	Safeway
Express Fuel	Safeway Fuel
Foothill Health & Wellness	Shingle Springs Honda
Golden State Flow Measurement	Shingle Springs Nissan Subaru
Heavenly Valley Cal Base Lodge	Sierra at Tahoe
Jeff Abel	Target
	Walmart

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2017-18	2018-19
Point-of-Sale	\$7,994,215	\$9,735,044
County Pool	1,925,939	2,235,897
State Pool	5,491	5,446
Gross Receipts	\$9,925,645	\$11,976,387

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

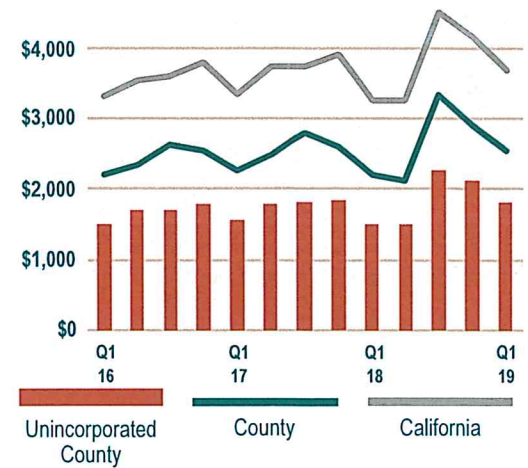
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

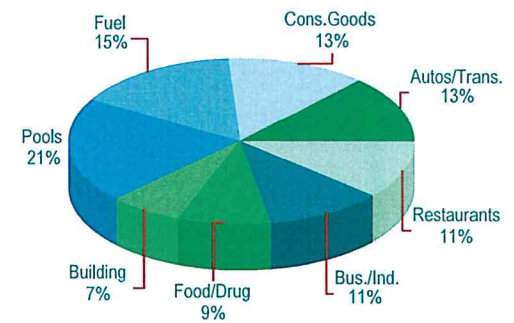
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
El Dorado Co. Uninc This Quarter



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	<i>*In thousands of dollars</i>			
	Unincorporated County Q1 '19*	Change	County Change	HdL State Change
Automotive Supply Stores	69.7	24.9%	20.5%	8.8%
Building Materials	138.2	104.2%	41.8%	4.0%
Cannabis Related	51.7	83.5%	55.1%	51.7%
Casual Dining	236.6	10.7%	11.7%	13.3%
Contractors	66.9	5.6%	5.5%	4.8%
Discount Dept Stores	—	CONFIDENTIAL	18.0%	2.8%
Garden/Agricultural Supplies	51.9	3.8%	19.5%	3.6%
Grocery Stores	163.5	6.5%	-3.4%	25.7%
Hotels-Liquor	—	CONFIDENTIAL	6.6%	2.2%
Light Industrial/Printers	69.1	13.9%	20.3%	13.5%
New Motor Vehicle Dealers	—	CONFIDENTIAL	-7.8%	-1.9%
Quick-Service Restaurants	73.5	-6.3%	-0.5%	10.0%
Repair Shop/Equip. Rentals	—	CONFIDENTIAL	281.1%	38.1%
Service Stations	522.8	32.3%	29.1%	15.7%
Sporting Goods/Bike Stores	69.8	9.2%	24.6%	2.7%
Total All Accounts	2,849.1	21.7%	17.0%	13.5%
County & State Pool Allocation	731.7	19.7%	15.1%	23.8%
Gross Receipts	3,580.8	21.3%	16.6%	14.9%