

EL DORADO COUNTY UNINC.

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



EL DORADO COUNTY

TOTAL: \$ 5,029,266

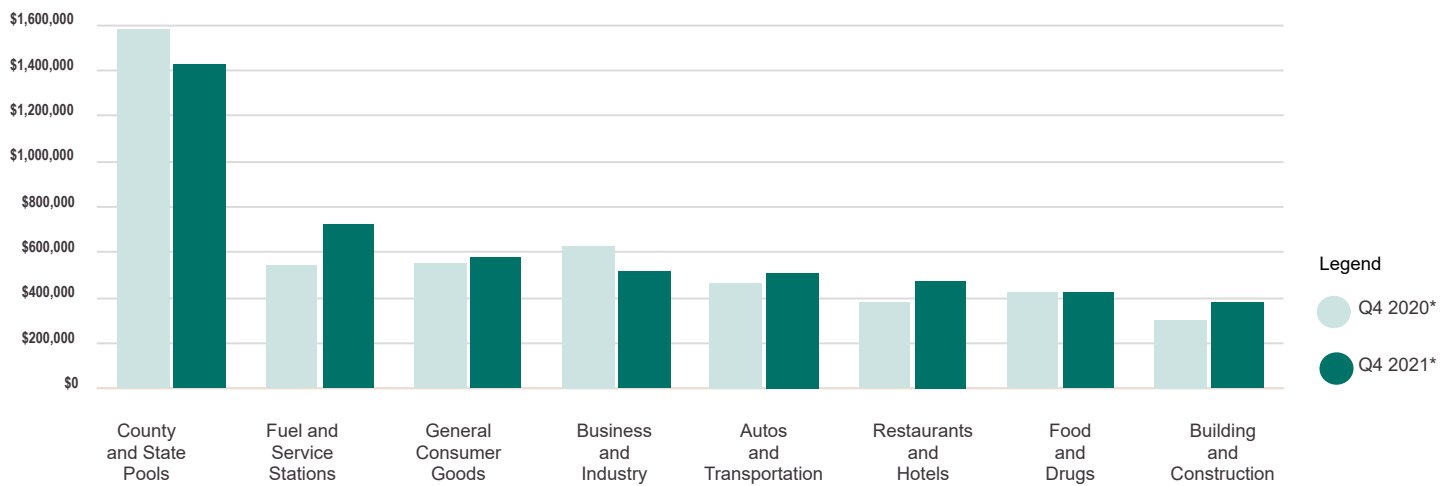
3.1%
COUNTY UNINC.

2.7%
COUNTY

15.6%
STATE

**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



EL DORADO COUNTY UNINCORPORATED HIGHLIGHTS

The unincorporated area's receipts from October through December were 9.8% above the fourth sales period in 2020. Excluding late/deferred payments and other reporting adjustments, receipts for the period were up 3.1%.

While late payments inflated the total this period, actual sales activity was better than the adjusted statistic indicates. The Caldor fire hurt sales last period but they rebounded nicely late in this quarter for most of the major business groups. Demand picked up for fuel and rising gas prices were also boosting receipts from gas stations. Restaurants were also busier as the group regains sales comparable to those posted before the pandemic.

Total spending on transportation needs kept pace with the statewide average, while construction activity's receipt total

was well over the statewide average for growth this period. Material prices trended lower at the start, then began to rise briskly at the end of the period.

This is the last period in which reporting changes made by several taxpayers will have a new effect on the use tax pools. Locally, these changes and lower overall online sales cut total receipts. This resulted in the county's allocation dropping by nearly 10%.

The business and industry group's results simply reflect that sales at this time last year were exceptional and could not be duplicated this quarter.

Net of adjustments, taxable sales for all of El Dorado County grew 2.7% over the comparable time period while those of the Sacramento region were up 14.0%.



TOP 25 PRODUCERS

- Arco AM PM
- Broadridge Output Solutions
- Cameron Park 76
- Crystal View Station
- CVS Pharmacy
- Dawson Oil
- El Dorado Truss
- Express Fuel
- Green Valley Arco
- Holiday Quality Foods
- Lees Feed & Western Store
- Meeks Building Center
- Mercedes Benz of El Dorado Hills
- Mountain F Enterprises
- Musco Sports Lighting
- My Goods Market
- Pape Machinery
- Quik Stop
- Safeway
- Safeway Fuel
- Shingle Springs Honda
- Shingle Springs Subaru
- Target
- TJ Maxx
- Walmart



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of October through December were 15% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women's apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State's history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

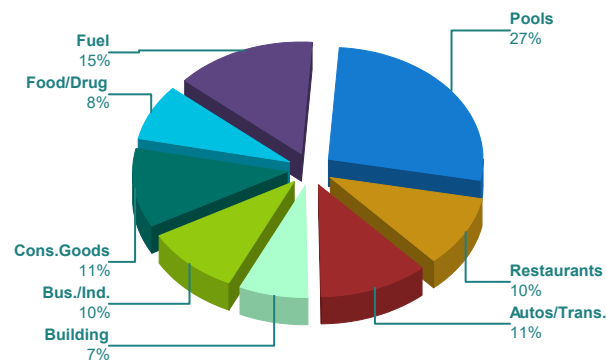
Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia's war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

REVENUE BY BUSINESS GROUP

El Dorado Co. Uninc This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q4 '21*	Change	County Change	HdL State Change
Service Stations	670.4	32.0% ↑	32.7% ↑	53.8% ↑
Casual Dining	290.1	27.0% ↑	24.1% ↑	66.4% ↑
Grocery Stores	250.8	-2.9% ↓	-5.9% ↓	0.6% ↑
Contractors	152.3	52.2% ↑	42.8% ↑	5.3% ↑
Business Services	140.7	-15.9% ↓	-15.3% ↓	4.4% ↑
Building Materials	125.1	-6.5% ↓	-7.2% ↓	2.3% ↑
Quick-Service Restaurants	99.1	8.9% ↑	3.6% ↑	12.1% ↑
Garden/Agricultural Supplies	92.5	15.5% ↑	13.1% ↑	5.7% ↑
Plumbing/Electrical Supplies	90.6	52.4% ↑	36.0% ↑	17.2% ↑
Specialty Stores	72.9	2.3% ↑	1.6% ↑	18.9% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars