

# Q2 2020



# El Dorado County Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

## El Dorado County In Brief

The unincorporated area's receipts from April through June were 3.6% above the second sales period in 2019 inflated by payments deferred from previous quarters. Excluding reporting aberrations, actual sales were down 5.6%.

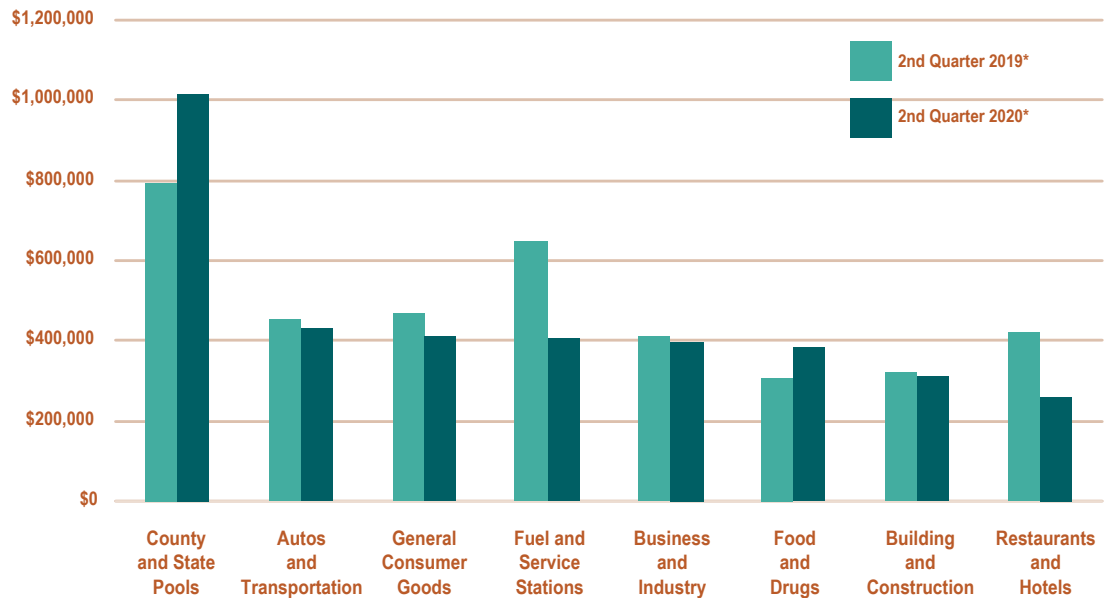
Second quarter 2020 was the economic bottoming out from the COVID-19 pandemic. The shelter in place and subsequent social distancing restrictions had a profound negative impact on restaurants and service stations.

With doors closed for all but a few essential businesses, general consumer goods point of sale reported a 12% decline in tax revenues, but the countywide pool allocations, paced by stronger online sales, mitigated the point of sale retailer's losses.

There were several other bright spots including building material as home projects became a priority; grocery stores; and agricultural supplies posted gains with the mild winter allowing the season to start early.

Net of aberrations, taxable sales for all of El Dorado County declined 5.4% over the comparable time period; the Sacramento region was down 8.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



\*Allocation aberrations have been adjusted to reflect sales activity

### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Musco Sports Lighting
Broadridge Output Solutions	My Goods Market
Crystal View Station	Nugget Markets
CVS Pharmacy	Pure Life Collective
Daimler Trust	Quik Stop
Express Fuel	Raley's
Golden State Flow Measurement	Safeway
Green Valley Arco	Safeway Fuel
Holiday Quality Foods	Shingle Springs Honda
Lees Feed & Western Store	Shingle Springs Nissan Subaru
Meeks Building Center	Target
Mercedes Benz of El Dorado Hills	True Value Hardware
	Walmart

### REVENUE COMPARISON

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

	2018-19	2019-20
Point-of-Sale	\$12,827,006	\$11,754,074
County Pool	3,013,746	3,800,396
State Pool	6,897	6,719
<b>Gross Receipts</b>	<b>\$15,847,649</b>	<b>\$15,561,189</b>

## Statewide Results

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

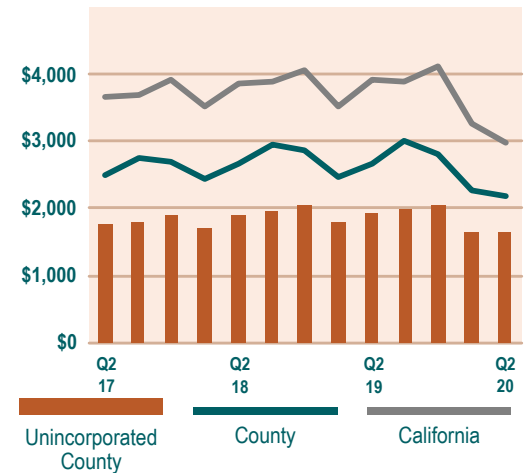
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

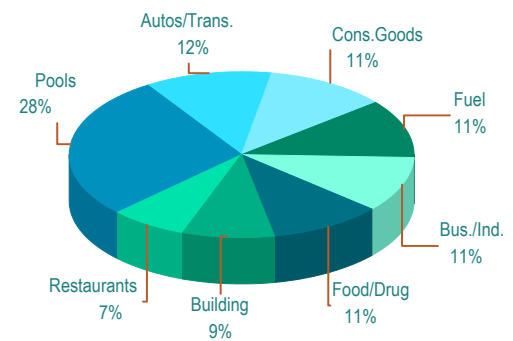
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

## 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	Unincorporated County		County	HdL State
	Q2 '20*	Change	Change	Change
Automotive Supply Stores	69.2	2.6%	2.9%	-4.7%
Building Materials	144.7	20.0%	16.0%	7.0%
Business Services	119.1	0.4%	0.4%	-30.9%
Casual Dining	147.0	-39.7%	-47.4%	-53.2%
Contractors	90.3	-8.0%	-11.1%	-12.2%
Convenience Stores/Liquor	67.6	33.7%	1.8%	8.4%
Discount Dept Stores	—	CONFIDENTIAL	4.0%	-6.3%
Drug Stores	51.9	4.9%	2.1%	0.1%
Garden/Agricultural Supplies	84.0	14.1%	15.9%	5.6%
Grocery Stores	213.0	24.2%	18.4%	7.8%
New Motor Vehicle Dealers	—	CONFIDENTIAL	1.6%	-15.8%
Plumbing/Electrical Supplies	68.8	-27.6%	-23.6%	-15.8%
Quick-Service Restaurants	76.3	-16.8%	-16.5%	-22.0%
Service Stations	376.9	-37.3%	-43.4%	-45.2%
Specialty Stores	60.4	-16.3%	-23.3%	-35.9%
<b>Total All Accounts</b>	<b>2,601.2</b>	<b>-14.4%</b>	<b>-16.7%</b>	<b>-24.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>1,016.6</b>	<b>28.2%</b>	<b>37.9%</b>	<b>28.2%</b>
<b>Gross Receipts</b>	<b>3,617.8</b>	<b>-5.6%</b>	<b>-5.4%</b>	<b>-16.4%</b>

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