



EL DORADO COUNTY SALES TAX

Second Quarter Receipts for First Quarter Sales (Jan. - Mar. 2002)

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In Brief

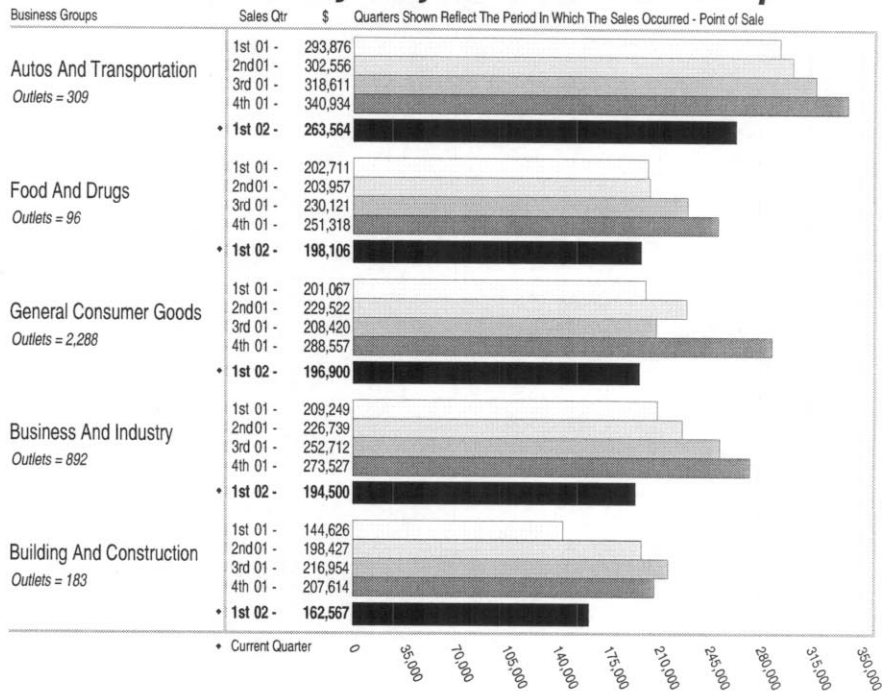
The unincorporated area's receipts for January - March sales fell 5.9% compared to the same period in 2001.

Fuel and ice dealer, service station, discount department store, grocery with beer/wine, and new motor vehicle dealer categories decreased. Fuel and ice dealer results were down after a regulation change exempting home use of propane from sales tax. Tumbling gasoline prices and temporary payment aberrations cut service station proceeds. The grocery with beer/wine drop was exaggerated when receipt of late payments boosted year-ago receipts.

Gains occurred among fast food, light industrial/printers, and lumber/building materials sectors. A new outlet added to the increase among lumber/building materials outlets.

The Sacramento region was down .8%; the state fell 3.7%.

Sales Tax By Major Business Group



SALES TAX NOTES

Statewide Sales Tax Revenues Continue Decline

The local share of sales tax revenue generated in the first quarter of 2002 declined 3.68% from the first quarter of 2001 as measured by the Board of Equalization's June allocation. The losses continued to be exacerbated by the Silicon Valley's economic reversal. The remainder of California was down 1.2% when San Francisco, Santa Clara and San Mateo Counties are factored out. Drops in fuel prices and in business-to-business sales were the primary factors contributing to the overall decline for the rest of the state.

E-Commerce Impact Grows

California lost \$1.75 billion in combined local and state sales tax revenues to out-of-state E-commerce sales in 2001 according to a new study by the University of Tennessee's

Center for Business and Economic Research. 92.6% of the loss was estimated to be from business-to-business transactions.

The further narrowing of sales tax through other kinds of remote sales such as catalogs, shifting consumer patterns from goods to non-taxable services, and new legislative exemptions is also analyzed. The study may be reviewed at www.statestudies.org.

Bad Debt Refunds

Under previous law, financing companies that purchased receivables from retailers were not eligible for deductions or refunds for sales tax paid on accounts that were subsequently found to be worthless. In 2000, the state legislature adopted AB 599 (Lowenthal), expanding the circumstances under which third party lenders can apply for sales tax refunds.

con't on back page

Top 25 Producers Listed Alphabetically

- Albertsons
- Bel Air Mart
- Central Concrete Supply
- Chevron USA
- Digital Technology Solutions
- El Dorado Hills 76
- El Dorado Hills Chevron
- Family Chevrolet Cadillac Oldsmobile
- Heavenly Sports
- Jackson Automotive Group
- KMart
- Lee's Feed & Western Store
- Longs Drugs
- MailWell
- McDonald's
- Meek's Building Center
- NorCal Readymix
- NuStar Motors
- Raley's
- Safeway
- Shingle Springs Honda
- Shingle Springs Nissan Subaru
- Sierra at Tahoe
- Texaco
- Tower Mart

Top 20 Business Categories

Business Type	Outlets	1st Qtr '02	1st Qtr '01	Percent Change	Percent of Total		
					City	County	State
New Motor Vehicle Dealers	5	148,085	162,612	-8.9%	11.4%	12.7%	13.8%
Service Stations	28	120,013	196,934	-39.1%	9.2%	7.8%	4.8%
Grocery Stores Liquor	12	90,205	88,092	2.4%	6.9%	8.2%	3.2%
Contractors	113	75,593	73,832	2.4%	5.8%	3.4%	2.9%
Fast Food	87	57,263	49,974	14.6%	4.4%	6.2%	4.7%
Business Services	148	51,966	51,078	1.7%	4.0%	2.3%	1.7%
Discount Dept Stores	14	50,002	61,519	-18.7%	3.9%	3.0%	5.4%
Grocery Stores Beer/Wine	28	48,049	62,044	-22.6%	3.7%	2.8%	1.2%
Light Industrial/Printers	159	44,255	31,843	39.0%	3.4%	2.1%	4.3%
Restaurants Beer And Wine	57	43,466	39,231	10.8%	3.3%	4.1%	2.6%
Lumber/Building Materials	32	43,174	25,865	66.9%	3.3%	2.8%	4.5%
Drug Stores	7	38,028	32,472	17.1%	2.9%	2.9%	1.5%
Sporting Goods/Bike Stores	56	36,507	31,545	15.7%	2.8%	3.3%	0.9%
Automotive Supply Stores	68	36,488	32,700	11.6%	2.8%	2.4%	1.3%
Auto Repair Shops	112	32,896	29,512	11.5%	2.5%	2.3%	1.2%
Hardware Stores	20	31,101	31,278	-0.6%	2.4%	1.6%	0.7%
Specialty Stores	597	24,050	24,838	-3.2%	1.9%	1.9%	3.2%
Farm Products/Equipment	70	21,881	20,644	6.0%	1.7%	0.9%	0.6%
Used Automotive Dealers	27	20,859	25,360	-17.7%	1.6%	1.3%	1.5%
Restaurants Liquor	33	20,465	19,739	3.7%	1.6%	3.3%	3.0%
Retail Stores	1,879	951,733	1,086,309	-12.4%	73.3%	79.3%	75.4%
Non-Store/Part Time Retailers	968	30,841	24,106	27.9%	2.4%	1.6%	0.7%
Business, Service & Repairs	661	135,417	132,799	2.0%	10.4%	10.0%	8.2%
All Other Outlets (Industrial)	517	180,194	193,666	-7.0%	13.9%	9.1%	15.6%
Total All Accounts	4,025	1,298,185	1,436,879	-9.7%			
County & State Pool Allocation		287,079	248,209	15.7%			
Gross Receipts		1,585,264	1,685,089	-5.9%			

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The State Board of Equalization's implementation Regulation 1642 went into effect in January. Although the State has not been able to develop a reliable estimate, this is expected to dramatically increase the number of occasional, unexpected sales tax refunds particularly in jurisdictions with extensive auto and industrial equipment sales.

More Exemptions

The state's fiscal crisis has somewhat reduced the legislature's enthusiasm for continuing reduction of revenues through new tax exemptions. However, several did get by including new exemptions for liquefied petroleum gas, thrift stores benefiting Aids victims, medicines sold to health facilities, and sales/leaseback of public passenger transportation. Still in consideration are items sold on Indian reservations (AB 2701) and bronchodilators (AB 523).

In addition, the State Board of Equalization has initiated reductions in revenue from caterers (Reg. 1603). The Board is also considering a 50% reduction in sales tax on optional software maintenance (Reg. 1502) and redefining orthotic and prosthetic devices as tax exempt (Reg. 1541). Refer to www.hdlcompanies.com for more detail.

Fiscal Year To Date Revenue Comparison

	2000-01	2001-02
Point-of-Sale	5,851,073	6,144,586
County Pool	1,074,929	1,238,485
State Pool	15,643	12,171
Gross Receipts	6,941,644	7,395,242

