

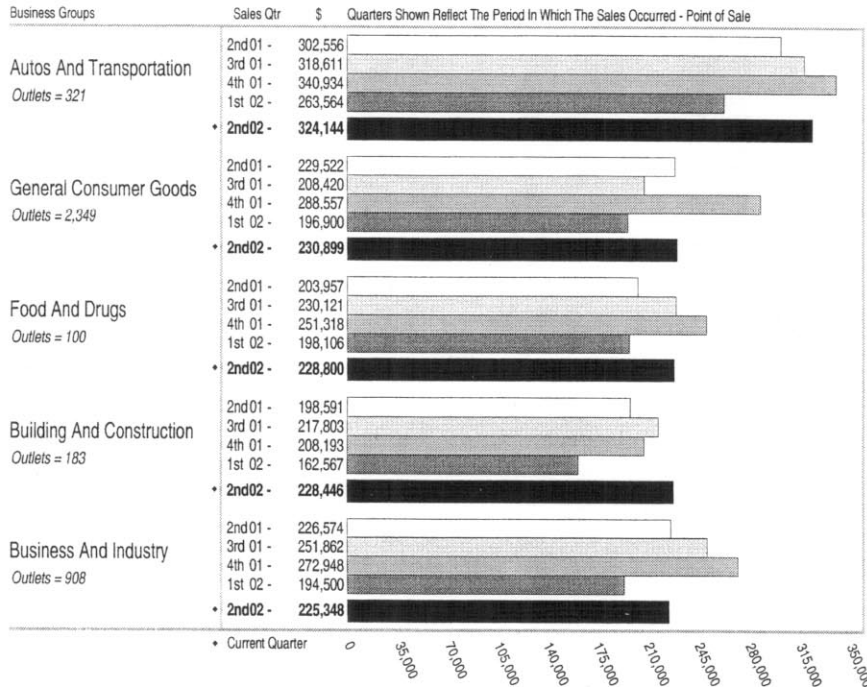


EL DORADO COUNTY SALES TAX

Third Quarter Receipts for Second Quarter Sales (Apr. - June 2002)

Publication Date: October 2002 The HdL Companies (www.hdlcompanies.com)

Sales Tax By Major Business Group



This Quarter

Receipts from sales in the unincorporated area occurring April to June increased 6.1% compared to the same year ago period but aberrations skewed results. With anomalies removed actual sales declined 2.8%.

The grocery, lumber/building materials and fast food sectors gained along with the county's share of use tax allocations. New outlets boosted sales in contractors, hardware stores, farm products/equipment and restaurants with liquor. A double up payment exaggerated the increase in used autos while a late payment inflated auto repair shop revenues.

Service stations experienced the greatest loss due to lower fuel prices, a misallocation and a one-time accounting error.

El Dorado County as a whole gained 3.9% over the year ago period; the Sacramento region rose 4.0%.

Top 25 Producers

Listed Alphabetically

- Albertsons
- Bel Air Mart
- Cameron Park Exxon
- Central Concrete Supply
- Chevron USA
- Crystal View Station
- Dave's Rent A Car
- Digital Technology Solutions
- El Dorado Dodge Lincoln Mercury
- Family Chevrolet Cad Oldsmobile
- Jackson Automotive Group
- KMart
- Lees Feed & Western Store
- Lodi Lumber
- Longs
- Mail Well
- Meeks Building Center
- Nor Cal Readymix
- Nu Star Motors
- Raleys
- Safeway
- Shingle Springs Honda
- Shingle Springs Nissan Subaru
- Texaco
- Tower Mart

Sales Tax Notes

Statewide Sales Decline

Allocations from second quarter sales were 1.34% lower than the same quarter one year ago. This was the fourth consecutive quarter that overall sales and use tax receipts dropped.

The declines continued to be regionally specific with the nine-county Bay Area receiving 8.4% less revenue than last year and the Central Coast, 4.6% less. Southern California's Inland Empire and the Sacramento region exhibited gains of 4% or more.

Reduced business purchases were again the main drag on sales and use tax revenues with a statewide reduction of 10.5%. Revenues from bulk fuel and service stations decreased approximately 15%. Auto sales, general consumer goods, restaurants, and building materials all exhibited modest to strong gains except in the North Bay/Silicon Valley region.

No More Until 2004?

Projections for a quick and generous recovery from the post-bubble economy have evolved into forecasts of anemic gains in 2003 with more vigorous performance not anticipated until later in the year or early 2004.

Recent declines in several leading economic indicators, wavering consumer, business and investor confidence, and concerns about war with Iraq have all contributed to a more conservative outlook on the rate of economic recovery. The National Retail Federation now predicts that the fourth quarter will post the smallest increase in Christmas spending since 1997.

The slower recovery is expected to be led by growth in housing, construction and foreign trade. Southern California is predicted to recover first with new defense contracts in Los Angeles County and increased manufac-

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Top 20 Business Categories

Business Type	Outlets	2nd Qtr '02	2nd Qtr '01	Percent Change	Percent of Total		
					Unincorp	County	State
New Motor Vehicle Dealers	6	156,818	166,902	-6.0%	10.1%	14.6%	13.5%
Service Stations	27	155,201	174,605	-11.1%	10.0%	7.3%	5.2%
Grocery Stores Liquor	13	102,612	88,748	15.6%	6.6%	7.3%	3.1%
Contractors	115	97,769	92,087	6.2%	6.3%	4.2%	3.2%
Lumber/Building Materials	30	71,762	52,408	36.9%	4.6%	4.2%	4.8%
Discount Dept Stores	15	70,091	76,142	-7.9%	4.5%	3.6%	5.5%
Fast Food	92	59,765	50,221	19.0%	3.8%	5.3%	4.5%
Business Services	155	58,630	60,889	-3.7%	3.8%	2.1%	1.5%
Grocery Stores Beer/Wine	29	55,240	50,028	10.4%	3.6%	2.8%	1.2%
Used Automotive Dealers	29	50,837	27,323	86.1%	3.3%	2.3%	1.4%
Auto Repair Shops	113	45,785	29,715	54.1%	2.9%	2.4%	1.2%
Drug Stores	7	45,409	40,603	11.8%	2.9%	2.9%	1.4%
Hardware Stores	21	42,697	37,497	13.9%	2.7%	2.0%	0.7%
Restaurants Beer And Wine	59	42,612	47,239	-9.8%	2.7%	3.4%	2.5%
Automotive Supply Stores	76	41,805	38,370	9.0%	2.7%	2.3%	1.3%
Light Industrial/Printers	160	40,417	39,780	1.6%	2.6%	1.8%	4.2%
Specialty Stores	628	36,513	32,426	12.6%	2.3%	2.0%	3.1%
Farm Products/Equipment	72	31,946	26,574	20.2%	2.1%	1.1%	0.6%
Restaurants Liquor	32	29,583	23,685	24.9%	1.9%	3.0%	3.0%
Garden Supplies	40	27,920	22,632	23.4%	1.8%	1.2%	0.7%
Retail Stores	1,970	1,145,300	1,084,378	5.6%	73.6%	79.6%	75.4%
Non-Store/Part Time Retailers	953	40,394	34,317	17.7%	2.6%	1.8%	0.8%
Business, Service & Repairs	682	166,053	149,198	11.3%	10.7%	8.9%	8.2%
All Other Outlets (Industrial)	519	203,754	238,191	-14.5%	13.1%	9.7%	15.7%
Total All Accounts	4,124	1,555,501	1,506,084	3.3%			
County & State Pool Allocation		346,518	286,499	20.9%			
Gross Receipts		1,902,019	1,792,584	6.1%			

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turing and service operations in the Inland Empire. Weak sales in the information/technology sectors may make the Silicon Valley the last to recover. With only a partial restoration of highly paid technology jobs and continued sluggish international travel, the Bay area's gains in consumer sales will also be modest.

There is also increased speculation on how much longer consumers will prop up the economy. While businesses cut back on capital investment and spending, homeowners have been cashing out their liquidity from appreciating property values and lower mortgage rates to finance new cars and other purchases. Some economists fret about the end of a "mortgage bubble" where easy credit spending only stole from future sales. Others argue that rising population, baby boomers entering their peak spending years, and twenty-somethings now entering the market make this fear unwarranted.

Regardless of statewide trends, sales and use tax revenues will continue to vary widely with local conditions. Jurisdictions with favorable economic niches, population growth, or new retail/business development will have gains. Other jurisdictions will see only modest growth or declines. Close local monitoring will be critical.

Fiscal Year To Date Revenue Comparison

	2001-02	2002-03
Point-of-Sale	1,506,084	1,555,501
County Pool	284,119	340,331
State Pool	2,380	6,187
Gross Receipts	1,792,584	1,902,019

