

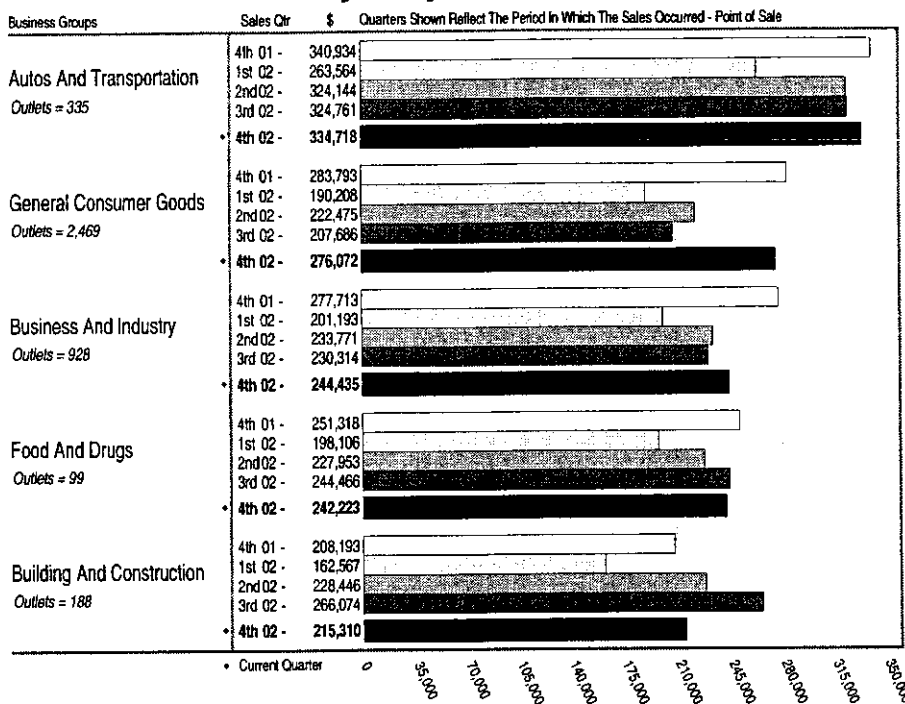


EL DORADO COUNTY SALES TAX

First Quarter Receipts for Fourth Quarter Sales (Oct. - Dec. 2002)

Publication Date: April 2003 The HdL Companies (www.hdlcompanies.com)

Sales Tax By Major Business Group



This Quarter

Receipts from the unincorporated area's Christmas quarter were 3.6% lower than the same period last year.

A decline from last year's record new car sales, a late payment in the supermarket classification and a general decline in some categories of business-to-business sales and in employee cafeterias within the fast food classification contributed to the overall decrease. The losses were partially offset by recent additions to the new car dealerships and hardware store categories.

Gross receipts for all of El Dorado County including its cities, were down 2.7% over the comparable time period while the Sacramento region as a whole, was up 1.7%.

Top 25 Producers

Listed Alphabetically

Albertsons
Cameron Park Exxon
Chevron USA
Crystal View Station
Dave's Rent A Car
Digital Technology Solutions
El Dorado Dodge Lincoln Mercury
El Dorado Hills 76
El Dorado Hills Chevron
Family Chevrolet Cad Oldsmobile
KMart
Kragen Auto Parts
Lee's Feed & Western Store
Longs
Mail Well
Meeks Building Center
Mercedes Benz of El Dorado Hills
Nor Cal Readymix
Nu Star Motors
Raleys
Safeway
Shingle Springs Honda
Shingle Springs Nissan Subaru
Texaco
Tower Mart

Sales Tax Notes

Sluggish Fourth Quarter Sales

Previous predictions for a modest Christmas proved to be accurate with the local share of California's sales and use tax increasing only 0.8% over the prior year's comparable quarter.

A statewide decline of 8.8% from last year's record new auto sales and continuing declines in sales of equipment, materials and supplies to businesses were the primary reasons for the anemic gains. General consumer goods, particularly discounters, furniture, and appliances performed well in Southern California and in counties with significant population growth, but exhibited significant declines in the Northern Bay region.

"Uncertainty" has become a favorite word among economists who are generally predicting little growth for the remainder of 2003. A battered technology sector, slumping exports, weakened job market, the fallout from

staggering government budget deficits and declines in the use of mortgage refinancing for more consumer spending are all cited as leading to only modest revenue gains for the remainder of the calendar year. The southern part of the state is expected to perform better than the northern.

Predictions are more optimistic for 2004 with increased defense spending and a rebound in the technology sector anticipated to produce a strong recovery by mid-year.

Sales Tax Changes Proposed

The state legislature is currently reviewing a number of proposals to alter sales tax revenues.

AB 1221 (Steinberg) would reduce the local share of sales tax by half and back-fill the difference with property tax revenues. In future years, local agencies would receive the growth from the reduced sales tax rate plus a prorata share of the

con't on back page

Top 20 Business Categories

Business Type	Outlets	4th Qtr '02	4th Qtr '01	Percent Change	Percent of Total		
					Unincorp	County	State
New Motor Vehicle Dealers	6	199,235	206,726	-3.6%	12.2%	13.4%	12.4%
Service Stations	29	155,300	159,645	-2.7%	9.5%	8.0%	5.5%
Grocery Stores Liquor	11	102,355	119,506	-14.4%	6.3%	7.9%	3.1%
Discount Dept Stores	17	98,171	91,312	7.5%	6.0%	4.7%	7.1%
Contractors	117	92,554	100,340	-7.8%	5.7%	3.6%	3.0%
Business Services	153	62,814	68,419	-8.2%	3.8%	2.1%	1.4%
Lumber/Building Materials	32	62,418	61,559	1.4%	3.8%	3.8%	4.1%
Grocery Stores Beer/Wine	27	62,274	57,020	9.2%	3.8%	2.8%	1.2%
Fast Food	102	59,710	71,123	-16.0%	3.7%	4.9%	4.2%
Drug Stores	7	53,377	45,138	18.3%	3.3%	3.0%	1.5%
Hardware Stores	21	45,333	32,893	37.8%	2.8%	1.9%	0.7%
Restaurants Beer And Wine	58	44,575	41,375	7.7%	2.7%	3.3%	2.3%
Light Industrial/Printers	169	42,893	52,347	-18.1%	2.6%	1.7%	3.9%
Automotive Supply Stores	82	37,500	36,463	2.8%	2.3%	2.1%	1.1%
Farm Products/Equipment	71	36,445	33,160	9.9%	2.2%	1.3%	0.7%
Specialty Stores	684	35,429	38,614	-8.2%	2.2%	2.0%	3.6%
Used Automotive Dealers	31	34,078	28,413	19.9%	2.1%	1.9%	1.2%
Part Time Permittees	830	30,488	41,779	-27.0%	1.9%	1.5%	0.4%
Restaurants Liquor	35	26,504	23,118	14.6%	1.6%	2.6%	2.7%
Garden Supplies	45	21,958	21,114	4.0%	1.3%	0.9%	0.4%
Retail Stores	2,123	1,232,276	1,224,961	0.6%	75.4%	79.5%	76.9%
Non-Store/Part Time Retailers	945	37,834	55,173	-31.4%	2.3%	1.8%	0.8%
Business, Service & Repairs	699	147,996	162,240	-8.8%	9.1%	9.3%	7.6%
All Other Outlets (Industrial)	532	215,777	258,062	-16.4%	13.2%	9.5%	14.8%
Total All Accounts	4,299	1,633,883	1,700,436	-3.9%			
County & State Pool Allocation		343,551	350,017	-1.8%			
Gross Receipts		1,977,434	2,050,453	-3.6%			

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countywide growth in property tax. The bill's author believes that this would reduce local competition for sales tax and lead to more balanced development.

SB 157 (Bowen/Alpert) would require California to participate with 39 other states and several major retail chains that have created a model interstate agreement for greater conformity in imposing sales tax. Once operational, the agreement is expected to allow participants to tax remote internet and catalog retailers that are currently exempt under federal case law if they have no in-state physical presence. To date, California has been opposed to taxation of internet sales.

SBOE Broadens Point of Sale for Warehousing

Effective January 1, the Board of Equalization has clarified that the place of sale for orders placed to out-of-state order desks, sales offices and

800 numbers will be the "in-state" warehouse from where the merchandise is shipped. Prior to this change, warehouses could be considered as point of sale only if the retailer had no other place of business in California.

More detail on proposed legislation and regulation changes can be seen at www.hdlcompanies.com.

Fiscal Year To Date Revenue Comparison

	2001-02	2002-03
Point-of-Sale	4,846,402	4,875,690
County Pool	953,136	999,810
State Pool	10,441	11,595
Gross Receipts	5,809,978	5,887,095

