



# EL DORADO COUNTY SALES TAX

Fourth Quarter Receipts for Third Quarter Sales (July - Sept. 2003)

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## In Brief

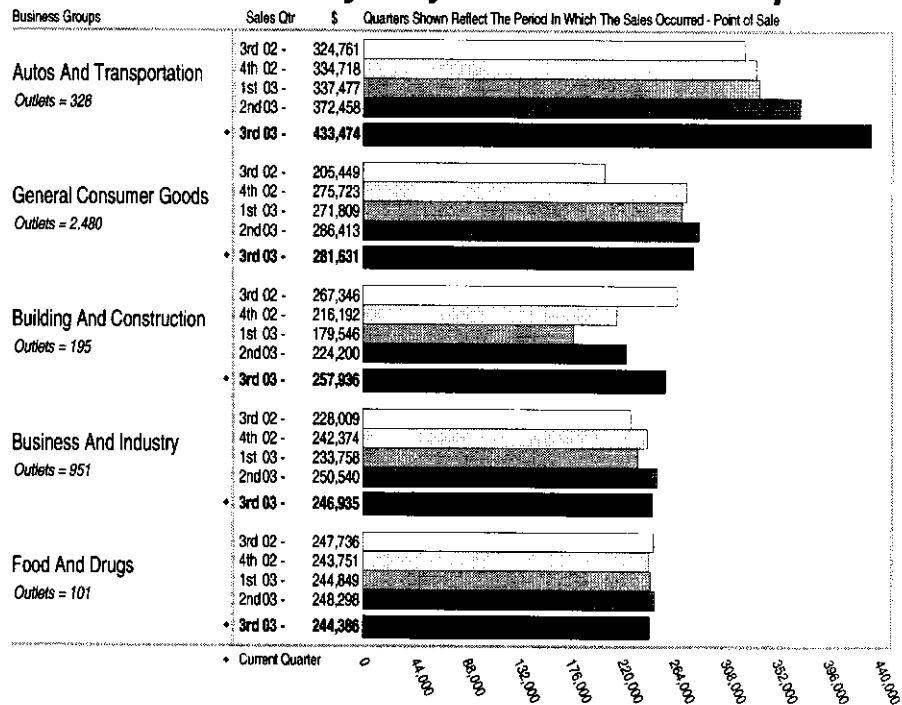
The unincorporated area's receipts from July - September sales were 12.2% higher than for the same period in 2002, but the gain was boosted by payment aberrations. Adjusted for anomalies, actual sales grew 9.3%.

New motor vehicle and discount department store proceeds were helped by the respective openings of Mercedes Benz and Wal Mart. Retroactive allocation corrections that exaggerated year-ago amounts caused the service station increase to be understated.

An accounting adjustment to correct a border error caused the contractor decline. A late payment and other payment aberrations boosted the auto repair shop decrease.

Over the same period, the greater Sacramento region gained 5.9%; the state rose 2.5%.

## Sales Tax By Major Business Group



## SALES TAX NOTES

### The Foggy Crystal Ball

Current forecasts are generally optimistic that an overall economic recovery is underway. However, 2004 may be more of a transition year with sales tax growth across the state geographically uneven, business specific and uncertain. Issues to consider when projecting sales tax:

#### Regional Differences

The strongest sales tax gains are expected in those areas of the state where populations continue to grow and in pockets with highly diversified tax bases. With the exception of Solano County, the Bay area is expected to remain weak through 2004 although a number of factors - returning tourism, increased hiring by smaller firms, and a turn-around in

some technology segments - suggest that the long slide has bottomed out.

#### Uneven Consumer Patterns

Retailers finished strongly in 2003 with luxury stores, electronics, furniture/appliances, jewelry and wholesale clubs all reporting major gains. Discount department stores exhibited only moderate growth while mid-priced chain stores were flat or declined.

Tax cuts, mortgage refinancing, rebates and new tax write-offs helped maintain strong vehicle sales in 2003. But most economists believe that the "big ticket" spending will end in mid-2004 as the stimulus from tax cuts and low mortgage rates wanes. Fuel prices are also expected to drop while food/drugs and restaurants should continue to grow at about 3.5%.

con't on back page

## Top 25 Producers Listed Alphabetically

- Albertsons
- Bel Air Mart
- Cameron Park Exxon
- Chevron USA
- Crystal View Station
- Dawson Oil
- Digital Technology Solutions
- El Dorado Dodge Lincoln Mercury
- El Dorado Hills Chevron
- Family Chevrolet Cad Oldsmobile
- KMart
- Lee's Feed & Western Store
- Longs
- Meeks Building Center
- Mercedes Benz of El Dorado Hills
- Nor Cal Readymix
- Nu Star Motors
- Raleys
- Safeway
- Shingle Springs Honda
- Shingle Springs Nissan Subaru
- Tahoes Camp Richardson Resort
- Texaco
- Tower Mart
- Wal Mart

## Top 20 Business Categories

Business Type	Outlets	3rd Qtr '03	3rd Qtr '02	Percent Change	Percent of Total		
					Unincorp	County	State
New Motor Vehicle Dealers	6	278,998	183,275	52.2%	14.8%	14.9%	15.2%
Service Stations	29	212,035	203,615	4.1%	11.3%	8.7%	6.9%
Discount Dept Stores	17	140,597	64,979	116.4%	7.5%	5.2%	5.6%
Grocery Stores Liquor	12	108,665	104,730	3.8%	5.8%	6.5%	2.8%
Contractors	127	108,089	122,862	-12.0%	5.7%	5.4%	3.2%
Lumber/Building Materials	30	86,208	85,387	1.0%	4.6%	3.8%	5.0%
Grocery Stores Beer/Wine	27	74,793	72,721	2.8%	4.0%	3.0%	1.4%
Business Services	163	61,359	46,611	31.6%	3.3%	1.9%	1.4%
Fast Food	102	61,353	57,955	5.9%	3.3%	5.2%	4.5%
Restaurants Beer And Wine	62	50,962	50,049	1.8%	2.7%	3.4%	2.4%
Light Industrial/Printers	173	49,461	52,238	-5.3%	2.6%	1.6%	4.0%
Hardware Stores	21	47,123	43,880	7.4%	2.5%	1.7%	0.7%
Automotive Supply Stores	77	45,081	42,937	5.0%	2.4%	2.3%	1.3%
Used Automotive Dealers	28	41,033	32,166	27.6%	2.2%	2.4%	1.5%
Drug Stores	6	36,375	44,938	-19.1%	1.9%	2.1%	1.3%
Specialty Stores	748	36,159	35,747	1.2%	1.9%	1.9%	3.1%
Auto Repair Shops	115	32,469	38,783	-16.3%	1.7%	1.9%	1.1%
Farm Products/Equipment	69	32,445	33,062	-1.9%	1.7%	1.0%	0.6%
Clubs/Amusement-With Liquor	12	30,787	28,550	7.8%	1.6%	1.4%	0.2%
Restaurants Liquor	32	25,166	27,628	-8.9%	1.3%	3.1%	2.8%
<b>Retail Stores</b>	<b>2,203</b>	<b>1,428,189</b>	<b>1,224,543</b>	<b>16.6%</b>	<b>75.8%</b>	<b>79.4%</b>	<b>76.7%</b>
<b>Non-Store/Part Time Retailers</b>	<b>866</b>	<b>23,825</b>	<b>27,073</b>	<b>-12.0%</b>	<b>1.3%</b>	<b>1.2%</b>	<b>0.6%</b>
<b>Business, Service &amp; Repairs</b>	<b>719</b>	<b>198,646</b>	<b>169,750</b>	<b>17.0%</b>	<b>10.5%</b>	<b>8.9%</b>	<b>7.7%</b>
<b>All Other Outlets (Industrial)</b>	<b>545</b>	<b>233,977</b>	<b>264,940</b>	<b>-11.7%</b>	<b>12.4%</b>	<b>10.5%</b>	<b>15.0%</b>
<b>Total All Accounts</b>	<b>4,333</b>	<b>1,884,636</b>	<b>1,686,306</b>	<b>11.8%</b>			
<b>County &amp; State Pool Allocation</b>		<b>367,038</b>	<b>321,336</b>	<b>14.2%</b>			
<b>Gross Receipts</b>		<b>2,251,674</b>	<b>2,007,642</b>	<b>12.2%</b>			

con't from front page

### Migrating Business Sales

Leaner operating budgets are returning many business sectors to profitability and predictions are that the mid-year leveling in consumer spending will be offset by a rebound in business expenditures. However, as more manufacturers move their operations and corresponding equipment purchases overseas, the correlation between increased capital investment and increased sales tax becomes more business specific.

Sales tax growth is expected from replacement of aging truck fleets and computer infrastructure and from sectors such as emerging and/or cost saving technologies, security devices, and silicon chip equipment.

### Uncertainty

A number of factors could slow the recovery including the state budget crisis. Layoffs by government agencies, contractors and suppliers, deferral of capital projects and repeal of

tax credits could reduce spending. Stepped-up terrorist alerts could also impact revenues from international tourism. The question of whether the recovery will be "jobless" is of particular concern in California where a significant amount of spending power is from employment in business and information technology that is being outsourced elsewhere.

### Fiscal Year To Date Revenue Comparison

	2002-03	2003-04
Point-of-Sale	3,241,807	3,621,023
County Pool	659,332	733,731
State Pool	8,522	6,690
Gross Receipts	3,909,661	4,361,445

