

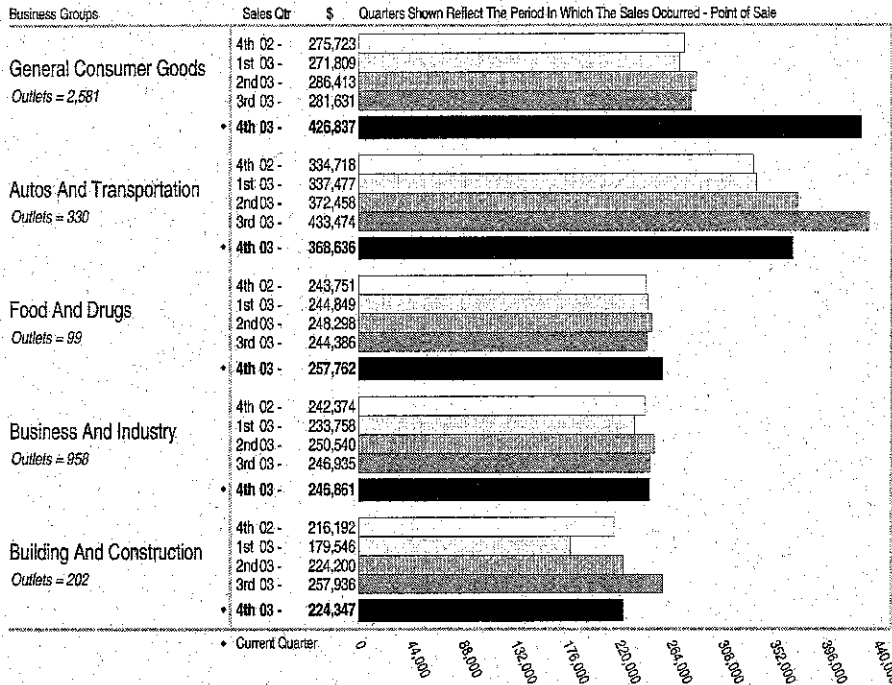


# EL DORADO COUNTY SALES TAX

First Quarter Receipts for Fourth Quarter Sales (Oct. - Dec. 2003)

Publication Date: April 2004 The HdL Companies (www.hdlcompanies.com)

## Sales Tax By Major Business Group



## This Quarter

Receipts from October to December sales in the unincorporated area increased 10.8% compared to the same period last year but one-time proceeds in the non-store retailer group from the county's sales tax audit program skewed results. When this and other anomalies are removed, actual sales gained 1.0%.

New outlets boosted returns in discount department stores and health services while sales activity expanded in the new auto, auto supply store, fast food and sporting goods/bike store categories.

A delayed payment adversely impacted light industrial/printers with the county's share of the countywide use tax allocation pool hampering the overall positive outcome.

Gross receipts for all of El Dorado County rose 3.2% over a year ago.

## Top 25 Producers Listed Alphabetically

- Albertsons
- Bel Air Mart
- Cameron Park Exxon
- Chevron USA
- Digital Technology Solutions
- El Dorado Dodge Lincoln Mercury
- El Dorado Hills Chevron
- Family Chevrolet Cad Oldsmobile
- Frontier Dental Labs
- KMart
- Lee's Feed & Western Store
- Longs
- Meeks Building Center
- Mercedes Benz of El Dorado Hills
- Mobile Copy Service
- Nor Cal Readymix
- Nu Star Motors
- Raleys
- Safeway
- Shingle Springs Honda
- Shingle Springs Nissan Subaru
- Sierra at Tahoe
- Texaco
- Tower Mart
- Wal Mart

## Sales Tax Notes

### Triple Flip Nears

The "triple flip" sales tax shift will become effective July 1 but not be operational until October 1. The first reduction in sales tax will appear in September's advance payment. The League of California Cities, CSAC and the County Auditors Association are working with the appropriate state staff to clarify the process and assure that payments will occur in the same fiscal year as the sales tax payments.

Agencies will need to readjust their cash flow projections to accommodate biannual, rather than monthly payments for 1/4 of their sales tax and review how they will handle any sales tax participation agreements.

Although the passage of Proposition 57 by the voters approved the bond issue which will be secured by the local 1/4 cent sales tax, it did not guarantee the backfill. The backfill will continue to depend on the will of the state legislature.

### Streamlined Sales Tax Update

After staying on the sidelines as an "observer state," California will soon appoint a panel to evaluate participation in the Streamlined Sales Tax Project - an effort to ease the tax compliance burden on businesses selling across state lines and ultimately, lead the way to "use tax" collections on catalog and Internet sales that have no "in-state" nexus. The group will consist of two democrat and two republican legislators, and one member each from the Board of Equalization, Franchise Tax Board, and Department of Finance.

The panel's focus will be to determine what would be required for California's participation in the project. Being debated in other states is the way the project allocates local revenues. The Project presently requires tax allocation to the point of sale when the customer leaves the business with the purchased item, but

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## Top 20 Business Categories

Business Type	Outlets	4th Qtr '03	4th Qtr '02	Percent Change	Percent of Total		
					Unincorp	County	State
New Motor Vehicle Dealers	6	233,820	199,235	17.4%	12.4%	12.7%	11.8%
Discount Dept Stores	19	190,940	95,634	99.7%	10.2%	7.0%	7.3%
Service Stations	29	168,440	155,300	8.5%	9.0%	7.3%	5.3%
Grocery Stores Liquor	12	126,105	102,355	23.2%	6.7%	7.8%	2.9%
Contractors	135	98,785	93,436	5.7%	5.3%	4.6%	3.1%
Non-Store Retailers	117	71,652	7,345	875.5%	3.8%	2.2%	0.4%
Business Services	160	68,034	63,866	6.5%	3.6%	2.1%	1.3%
Fast Food	101	65,195	58,756	11.0%	3.5%	4.9%	4.3%
Lumber/Building Materials	28	63,404	62,418	1.6%	3.4%	3.1%	4.7%
Grocery Stores Beer/Wine	26	61,733	64,896	-4.9%	3.3%	2.4%	1.1%
Restaurants Beer And Wine	66	50,612	45,530	11.2%	2.7%	3.3%	2.3%
Hardware Stores	22	46,366	45,333	2.3%	2.5%	1.8%	0.7%
Drug Stores	6	44,432	53,377	-16.8%	2.4%	2.5%	1.4%
Automotive Supply Stores	76	42,709	37,500	13.9%	2.3%	2.3%	1.1%
Specialty Stores	796	39,468	35,429	11.4%	2.1%	2.2%	3.9%
Light Industrial/Printers	172	38,100	42,893	-11.2%	2.0%	1.4%	3.8%
Farm Products/Equipment	72	37,043	39,105	-5.3%	2.0%	1.2%	0.6%
Used Automotive Dealers	32	32,085	34,078	-5.8%	1.7%	1.7%	1.2%
Auto Repair Shops	116	29,955	20,759	44.3%	1.6%	1.6%	1.0%
Sporting Goods/Bike Stores	75	25,771	20,982	22.8%	1.4%	1.9%	0.8%
<b>Retail Stores</b>	<b>2,298</b>	<b>1,399,374</b>	<b>1,233,455</b>	<b>13.5%</b>	<b>74.5%</b>	<b>77.9%</b>	<b>77.1%</b>
Non-Store/Part Time Retailers	864	97,130	37,834	156.7%	5.2%	3.5%	0.7%
Business, Service & Repairs	728	168,794	149,643	12.8%	9.0%	9.1%	7.5%
All Other Outlets (Industrial)	561	213,061	212,952	0.1%	11.3%	9.6%	14.7%
<b>Total All Accounts</b>	<b>4,451</b>	<b>1,878,359</b>	<b>1,633,883</b>	<b>15.0%</b>			
County & State Pool Allocation		312,586	343,551	-9.0%			
<b>Gross Receipts</b>		<b>2,190,945</b>	<b>1,977,434</b>	<b>10.8%</b>			

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allocates the tax to the jurisdiction where the purchaser receives the item if it is shipped. This difference could significantly impact revenues of California jurisdictions with a sales base heavily dependent on goods and merchandise delivered to other businesses regionally and/or to construction sites.

### Expanded Sales Tax Base Recommended

With 42 of 45 states imposing sales tax on more goods and services than California, and a potential rate as high as 9.25%, some analysts are beginning to suggest that expanding the base rather than increasing the rate would make California's tax less regressive and provide greater options for a balanced tax base.

A study by the California Commission on Tax Policy in the New Economy, released in December, lists 36 services that might be considered to broaden the tax base while reducing the overall rate. In her analysis of

the 2004/2005 state budget, the legislative analyst has also suggested extending the tax to entertainment services as an option to balancing the budget. Copies of the reports can be obtained at [www.library.ca.gov](http://www.library.ca.gov) and [www.lao.ca.gov](http://www.lao.ca.gov). An overview of expanding the tax base can be obtained at [www.hdlcompanies.com](http://www.hdlcompanies.com).

### Fiscal Year To Date Revenue Comparison

	2002-03	2003-04
Point-of-Sale	4,875,690	5,499,382
County Pool	999,810	1,040,804
State Pool	11,595	12,203
Gross Receipts	5,887,095	6,552,389

