

# Q1 2006



# El Dorado County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2006)

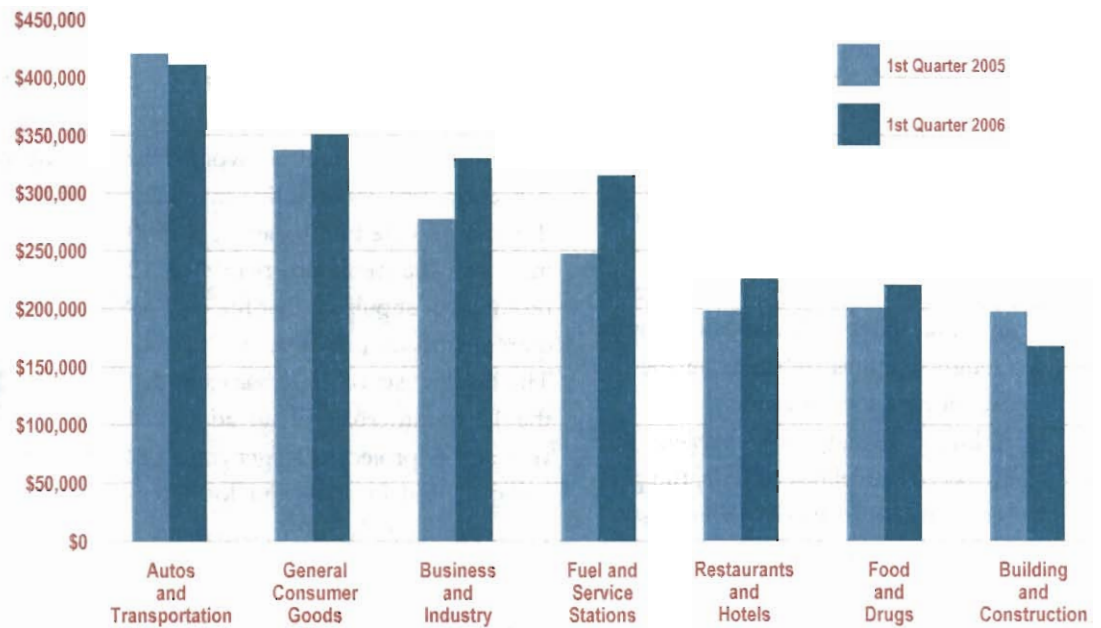
## El Dorado County In Brief

Receipts for the unincorporated area's first quarter sales were 7.7% higher than the same quarter one year ago. Actual sales activity was up .8% when reporting aberrations are factored out.

Higher fuel prices and a late payment in the year ago period inflated the allocation from service stations. The unincorporated area experienced a strong sales quarter for business services. Comparisons of light industrial/printers and grocery stores with liquor were skewed by onetime reporting aberrations. A previous business closeout reduced receipts from used automotive dealers.

Adjusted for aberrations, taxable sales for all of El Dorado County increased 4.7% over the comparable time period while the Sacramento region, as a whole, was up .7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

Bel Air Mart	Longs
Cameron Park Exxon	Meeks Building Center
Chevron USA	Mercedes Benz of El Dorado Hills
Dawson Oil	Nu Star Motors
DST Innovis	Raleys
El Dorado Hills Chevron	Safeway
El Dorado Hills Dodge	Safeway Gasoline
El Dorado Hills Exxon	Shell/Texaco
Family Chevrolet	Shingle Springs Honda
Cad Oldsmobile	Shingle Springs Nissan Subaru
Heavenly Ski Resort	Sierra at Tahoe
K Mart	Village Concepts
Lees Feed & Western Store	Wal Mart

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2004-05	2005-06
Point-of-Sale	\$8,027,113	\$8,961,595
County Pool	1,668,721	1,877,847
State Pool	11,048	15,670
<b>Gross Receipts</b>	<b>\$9,706,881</b>	<b>\$10,855,112</b>
Less Triple Flip*	\$(1,826,943)	\$(2,713,778)

\*Reimbursed from county compensation fund



**California Discontinues SSTP Analysis**

The Board of Equalization has stopped work on their study of the Streamlined Sales Tax Project (SSTP) citing the legislature's and governor's refusal to provide funding as well as a general lack of interest among the legislators originally appointed to recommend a state position.

The SSTP was initiated in 2000 to develop uniform definitions and procedures among the 45 states that impose sales and use tax. It was hoped that simplification would convince Congress to allow taxation of remote sales (catalogs and internet) where the retailer has no physical presence in the taxing state. However, the project became dominated by smaller states with less complex tax bases and the guidelines that the SSTP eventually adopted require significant changes in the distribution of local revenues.

Although 18 states have implemented the SSTP guidelines to date, the project has not been successful in persuading Congress to change its position on taxing remote sales. Future monitoring of the STTP will be performed through California's membership in the Multi State Tax Commission (www.mtc.gov).

**Sales Tax Fees to Increase**

The 2006 Budget Act includes a revision in the state's charges for administration of local sales, use and transaction taxes.

The previous costs were based on actual workload with a cap when the calculations reached a specified portion of revenues collected. In 2005/2006, local governments paid \$32.2 million from fees of 0.77% on Bradley-Burns remittances and 1.18% of taxes remitted to transaction tax districts.

The new methodology eliminates the cap and breaks the state's costs into four categories: registrations, returns, audits and collections. The costs of

processing returns are allocated on the number of jurisdictions referenced on a tax return and the other three categories allocated on a ratio of revenues.

The state anticipates that the new calculations will net it an additional \$5.7 million per year from local governments. Deductions from Bradley-Burns remittances are expected to increase by one third but decline 12% for district transaction taxes.

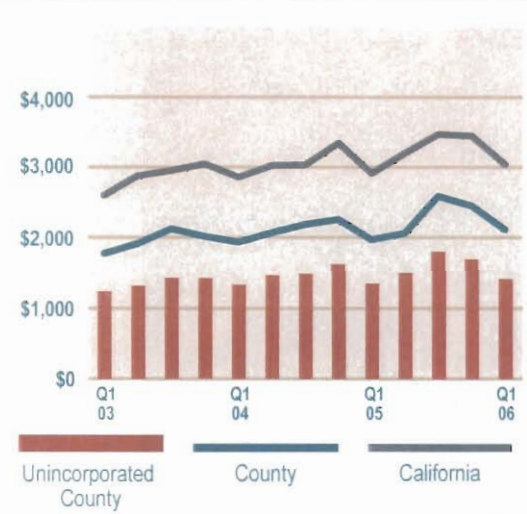
For more information, see [http://www.lao.ca.gov/analysis\\_2006/general\\_govt/gen\\_07\\_0860\\_an106.html](http://www.lao.ca.gov/analysis_2006/general_govt/gen_07_0860_an106.html).

**Yacht Loophole Still at Anchor**

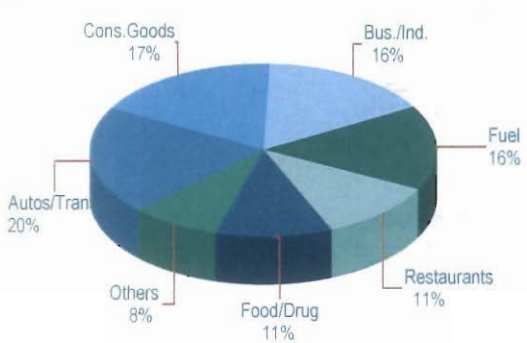
Until 2004, sales tax on vehicles, vessels and aircraft could be avoided by delivering and leaving the merchandise out of state for 90 days. SB 1100 increased the minimum period to 12 months but stipulated that the new requirement sunset on June 30, 2006.

The Budget Act of 2006 has extended the 12 month rule for an additional year and is projected to generate \$42 million more in state and local revenues primarily from RVs and boats.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
El Dorado County This Quarter



**EL DORADO COUNTY TOP 15 BUSINESS TYPES**

Business Type	Unincorporated County		County	HdL. State
	Q1 '06*	Change	Change	Change
Service Stations	\$275.5	29.6%	16.8%	19.6%
New Motor Vehicle Dealers	264.5	1.3%	-0.1%	-0.7%
Discount Dept Stores	— CONFIDENTIAL —		-5.5%	7.4%
Grocery Stores Liquor	120.6	14.6%	1.7%	0.0%
Business Services	97.2	26.9%	25.1%	0.0%
Contractors	85.3	-10.2%	-20.6%	22.3%
Restaurants No Alcohol	78.3	9.7%	4.4%	5.0%
Restaurants Beer And Wine	74.5	23.9%	10.6%	4.1%
Light Industrial/Printers	65.6	85.5%	56.2%	3.6%
Specialty Stores	51.9	-5.8%	0.8%	3.9%
Grocery Stores Beer/Wine	47.5	13.5%	14.9%	-0.6%
Lumber/Building Materials	45.6	-15.6%	123.8%	8.8%
Sporting Goods/Bike Stores	42.4	6.2%	39.0%	-13.0%
Auto Repair Shops	41.4	0.3%	-6.6%	-4.5%
Automotive Supply Stores	40.4	-15.9%	-2.4%	-6.1%
<b>Total All Accounts</b>	<b>\$2,020.0</b>	<b>7.5%</b>	<b>9.2%</b>	<b>5.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>402.3</b>	<b>8.3%</b>		
<b>Gross Receipts</b>	<b>\$2,422.3</b>	<b>7.7%</b>		

\*In thousands