

# Q3 2007



# El Dorado County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2007)

## El Dorado County In Brief

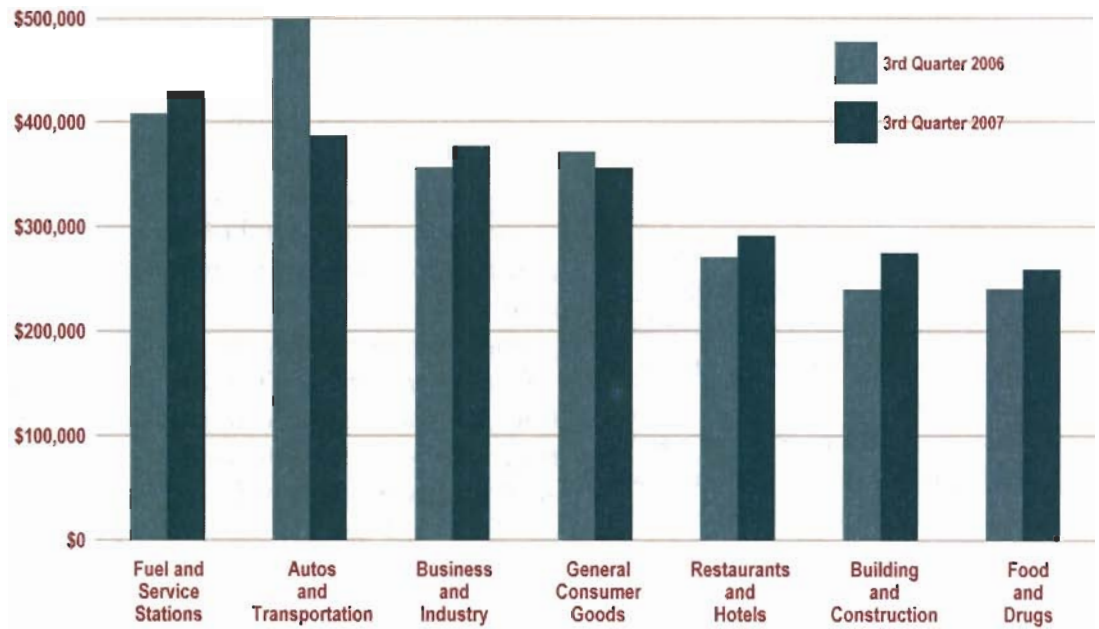
The allocation from the unincorporated area's July through September sales tax was 2.2% less than the same quarter one year ago.

Slowed sales from new auto dealerships, business services, restaurants with beer and wine and lumber/building materials were primarily responsible for the decrease. Recent closeouts reduced revenues from grocery stores with beer and wine and a delayed allocation temporarily decreased receipts from hardware stores.

The losses were offset by increased sales from grocery stores with liquor, restaurants with no alcohol and some categories of General Consumer Goods. Recent additions helped boost revenues from service stations, restaurants with liquor and specialty stores. A onetime payment was responsible for the increase in contractors. Comparisons of light industrial/printers and garden/ agricultural supplies were temporarily inflated by onetime accounting adjustments.

Gross receipts for all of El Dorado County, including its cities, decreased 6.3% over the comparable time period while the Sacramento Region as a whole was down 5.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Cameron Park Petroleum	Meeks Building Center
Carmean Dodge	Mercedes Benz of El Dorado Hills
Cemex Construction Materials	Raleys
Chevron	Safeway
Dawson Oil	Safeway Gasoline
DST Innovis	Shell/Texaco
Edward R Marszal Enterprises	Shingle Springs Honda
El Dorado Hills Chevron	Shingle Springs Nissan Subaru
Family Cadillac Chevrolet	T J Maxx
Golden State Flow Measurement	Tahoe Paradise Chevron
K Mart	Tahoecamp Richardson Resort
Lees Feed & Western Store	Wal Mart
Longs	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$4,755,513	\$4,755,046
County Pool	911,189	889,671
State Pool	6,633	412
Gross Receipts	\$5,673,336	\$5,645,129
Less Triple Flip*	\$(1,418,334)	\$(1,411,282)

\*Reimbursed from county compensation fund

## NOTES

### STATEWIDE SALES DECLINE

#### Further Decreases Anticipated

After adjusting for accounting aberrations, taxable sales during July through September declined 2.9% from the same quarter of 2006.

The inland regions of the state tended to trail the coastal regions. Only San Francisco and portions of the Silicon Valley posted significant gains.

Autos, lumber/building materials and fuel were the primary losers. New car receipts were down 13.3% from the same quarter one year ago while revenues from building/construction materials dropped 11.3% and fuel 6.1%.

Back to school shopping helped boost family apparel sales for the quarter but the gains were largely offset by a drop in demand for home furnishings and large appliances. Receipts from general consumer goods as a whole ended at only 0.7% higher than the third quarter of 2006.

Restaurants continued to be a source of growth exhibiting a 3.9% statewide gain over third quarter 2006 with even larger increases in the North Bay and Central Coast regions.

Capital purchases by manufacturers/exporters of high tech equipment and supplies also helped offset other declines with gains in business-to-business sales second only to the restaurant group.

#### The Remaining Fiscal Year ...

Fourth quarter sales results will not be available until the end of March. Preliminary reports indicate that holiday spending on general consumer goods increased only 2.2% over 2006 but that redemption of gift cards could boost January-February sales more than had been anticipated. Further declines are expected in receipts from auto sales.

Prognostications for 2008 are blurred by wide differences among economists on how much further the economy will drop and on when a recovery might begin. However, most agree that the

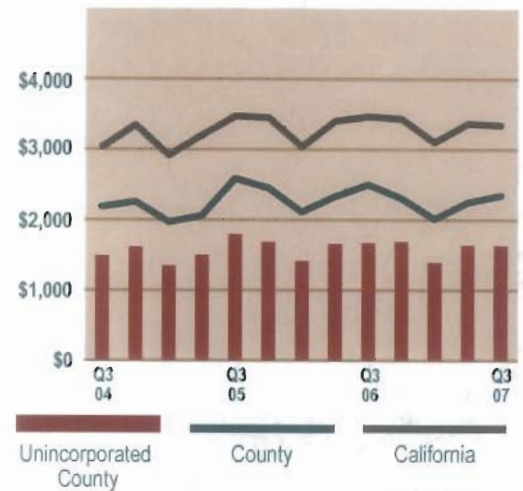
decline will continue through at least the first half of 2008 and possibly longer.

Analysts predict a further decrease of 6.0% to 6.5% in auto sales in 2008 with a recovery in that sector not expected until mid 2009. Sales of general consumer goods are expected to grow only 2.0% to 2.5% overall with solid gains in electronics but weakening performance for apparel, mid-tier department stores and mall shops.

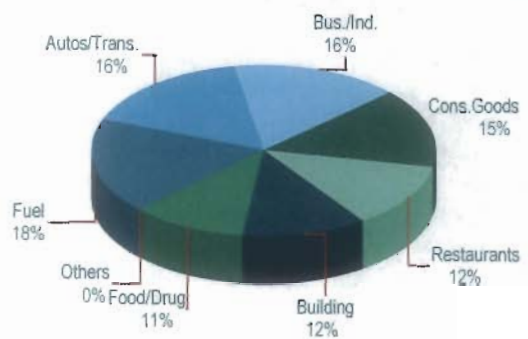
Building and construction material sales could bottom out in mid 2008 with commercial, utility and public construction projects helping offset further losses from housing construction setbacks. However, a recovery in housing construction will be more gradual and is not expected until late 2010 or 2011.

Business-to-business sales may level off in the first half of 2008 but, as long as export demand stays strong, analysts do not expect actual declines. As always, the trends for an individual jurisdiction will vary with the specific make-up of its tax base.

### 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
	Q3 '07*	Change	Change	Change
Service Stations	\$393.8	8.3%	3.1%	-5.8%
New Motor Vehicle Dealers	287.0	-14.1%	-13.9%	-12.6%
Discount Dept Stores	--- CONFIDENTIAL ---		-1.2%	3.5%
Grocery Stores Liquor	139.5	12.7%	4.9%	0.0%
Contractors	139.4	33.0%	11.6%	-11.1%
Restaurants No Alcohol	83.3	0.5%	4.7%	3.4%
Light Industrial/Printers	76.9	14.0%	8.1%	0.0%
Business Services	75.2	-25.0%	-25.2%	-3.5%
Restaurants Liquor	74.3	30.5%	6.8%	13.1%
Restaurants Beer And Wine	73.1	-13.8%	-7.7%	-0.8%
Lumber/Building Materials	65.8	-9.6%	-25.7%	-27.4%
Specialty Stores	64.2	0.1%	-9.7%	6.3%
Grocery Stores Beer/Wine	59.9	-0.8%	-10.5%	-6.0%
Garden/Agricultural Supplies	50.1	23.8%	20.7%	-5.7%
Hardware Stores	46.1	-12.4%	-8.5%	-11.2%
<b>Total All Accounts</b>	<b>\$2,373.3</b>	<b>-0.5%</b>	<b>-4.7%</b>	<b>-2.2%</b>
County & State Pool Allocation	420.5	-10.8%		
Gross Receipts	\$2,793.8	-2.2%		

\*In thousands