

Q1 2009



El Dorado County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2009)

El Dorado County In Brief

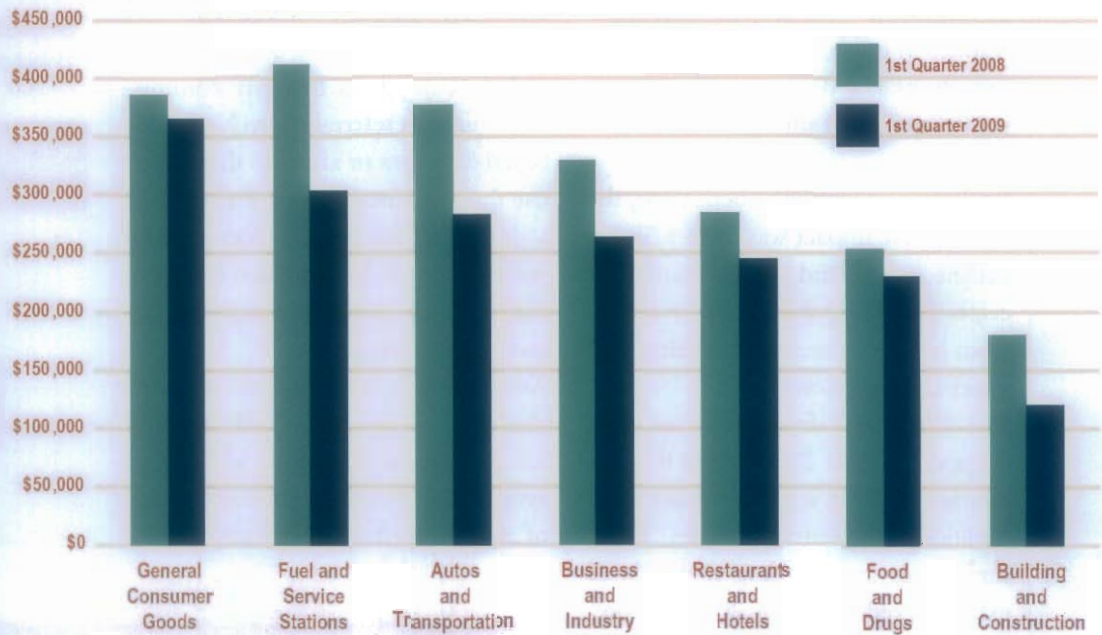
First quarter receipts from retailers in the unincorporated area were 19.3% below the same period one year ago.

Results from new motor vehicle dealers, contractors and service stations fell much as they did in most areas of the state. An address coding error temporarily reduced the contractor decrease. Service station declines tracked the retreat in gasoline and diesel prices and were also affected by softening demand for fuels. Results from food markets selling gasoline also eased. Business closeouts cut restaurant with beer/wine proceeds.

Restaurants with liquor gained on the strength of several new restaurant openings and the shift of a restaurant from the restaurants with beer/wine group to restaurants with liquor.

Excluding payment aberrations, all of El Dorado County slipped 18.8%; statewide sales were down 16.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Bright Future Technologies	Lees Feed & Western Store
Cameron Park Petroleum	Longs
Chevron	Mercedes Benz of El Dorado Hills
DST Innovis	Raleys
Edward R Marszal Enterprises	Safeway
El Dorado Hills Chevron	Safeway Gasoline
Family Cadillac Chevrolet	Shingle Springs Honda
Georgetown Gas + Go	Shingle Springs Nissan Subaru
Heavenly Ski Resort	Sierra at Tahoe
Heavenly Sports Main Lodge	Stay Safe Store
K Mart	TJ Maxx
	Target
	Tooley Oil Company
	Wal Mart

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale:	\$9,573,001	\$8,947,468
County Pool	1,764,745	1,531,490
State Pool	5,640	4,601
Gross Receipts	\$11,343,385	\$10,483,558
Less Triple Flip*	\$(2,835,846)	\$(2,620,890)

*Reimbursed from county compensation fund

NOTES

California Overall

Statewide sales tax revenues continued to trend downward for the seventh consecutive quarter with June's allocations for sales occurring in the January through March period 16.5% lower than the same period one year ago.

The contraction was experienced in all regions with previous holdouts such as the Silicon Valley and some pockets of high end tourism now exhibiting the same percentage decreases as the rest of California. The drop in tax receipts resulted as much from significant price reductions as it did from reduced consumer spending and business investment.

Excluding accounting aberrations, the most severe impact was from a 38.3% decline in fuel and service station receipts reflecting the dramatic retreat from last year's record fuel prices and lower consumption.

The allocations from new car sales dropped another 28.3% from the first quarter of 2008 while revenues from traditional department stores, furniture stores and building materials all exhibited reductions of 20% or more. Sales and use tax revenues are projected to continue to decline through the remainder of 2009 although subsequent reductions should become increasingly moderate. The beginning of a recovery for most regions and categories is not anticipated until mid-2010.

Additional Use Tax Anticipated

The state's budget package includes provisions for more aggressive collection of unpaid use tax. Sellers without physical nexus in the state are not required to collect sales tax from their California customers. In these cases the buyer is liable for paying a corresponding "use tax."

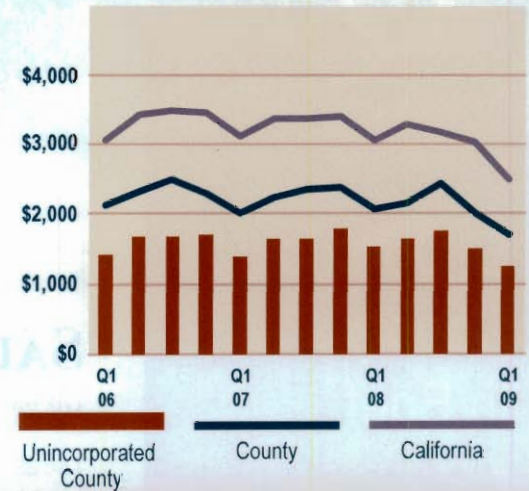
Although the state does an effective job of auditing larger companies, cost and lack of data make monitoring of taxes paid on purchases by individuals and small companies impractical.

The state proposes to partially deal with this problem through two actions. The first is to require non-sellers to register with the Board of Equalization and file annual returns on unpaid use tax. As professional tax preparers are obligated to properly report purchases, the state estimates that the proposal would generate an additional \$57 million per year by 2009-2010.

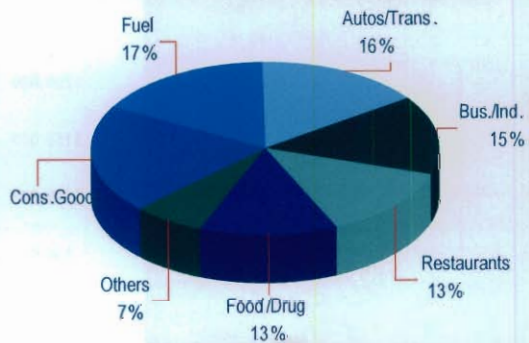
The second action involves a practice enacted by the State of New York that expands the definition of "nexus" to include companies that pay commissions on sales referrals from New York based web sites or affiliates that advertise their products. It is estimated that a similar definition in California could generate up to \$110 million per year. Both actions would also increase city and county collections.

Amazon.com recently lost a court challenge to the New York law and has threatened to drop its affiliates to avoid losing the competitive advantage of not having to collect and pay sales tax.

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 '09*	Change	Change	Change
Service Stations	\$272.7	-25.7%	-30.6%	-35.2%
Discount Dept Stores	— CONFIDENTIAL —		-2.0%	-3.3%
New Motor Vehicle Dealers	176.7	-32.0%	-27.8%	-27.7%
Grocery Stores Liquor	125.9	-9.7%	-9.5%	-1.8%
Restaurants Liquor	88.0	24.3%	3.6%	-2.0%
Business Services	81.0	-1.9%	-4.4%	-22.4%
Restaurants No Alcohol	70.5	-6.5%	-4.1%	-2.7%
Contractors	68.4	-33.6%	-36.3%	-23.8%
Specialty Stores	53.4	5.6%	3.0%	-7.8%
Grocery Stores Beer/Wine	45.8	-9.3%	-14.6%	-18.2%
Drug Stores	41.9	-6.3%	-6.4%	-4.5%
Automotive Supply Stores	39.0	-1.7%	-8.3%	-6.3%
Sporting Goods/Bike Stores	36.8	-7.3%	-32.4%	-6.6%
Garden/Agricultural Supplies	35.9	-5.0%	2.7%	-15.6%
Auto Repair Shops	33.5	-6.8%	4.3%	-10.5%
Total All Accounts	\$1,813.9	-18.5%	-18.0%	-17.6%
County & State Pool Allocation	325.9	-23.3%		
Gross Receipts	\$2,139.8	-19.3%		

*In thousands