

Q3 2009



El Dorado County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2009)

El Dorado County In Brief

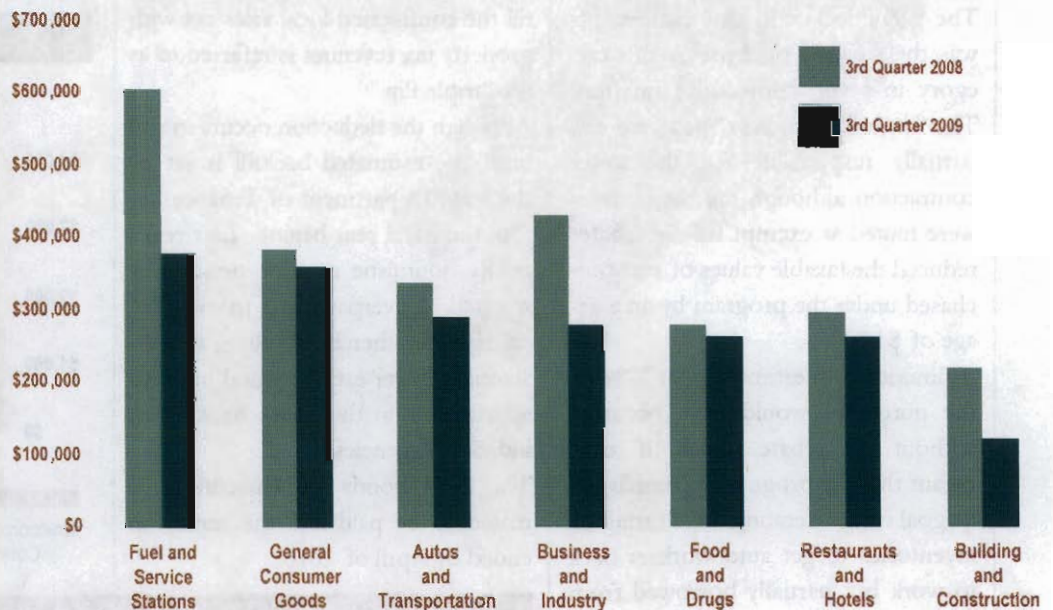
Third quarter receipts from retail sales in the county's unincorporated area were 22.5% lower than the same period one year earlier but payment aberrations skewed the data. With anomalies excluded real results dropped 18.1%.

As in virtually all areas of the state, positive news from retailers was scarce. Locally, service station, new motor vehicle dealer, business services, grocery stores with beer/wine, lumber/building materials sellers, contractors and all restaurant categories declined most. Service station totals mirrored the retreat from record high fuel prices in the prior year; onetime payment adjustments that inflated year-ago receipts caused the negative business services and restaurants with no alcohol results and exaggerated grocery with beer/wine and lumber/building materials drops. Specialty store proceeds fell, but late arriving receipts from sales in the prior quarter offset most of the decrease. The county's allocation from the county-wide use tax pool shrank due to lower spending for goods subject to the state's use tax levy.

Grocery stores with liquor and drugs stores eked out small, but real gains.

Net of temporary accounting adjustments, all of El Dorado County was down 17.4%; statewide sales slumped 16.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Bright Future Technologies	Mercedes Benz of El Dorado Hills
Cameron Park Petroleum	Quick Stop Market Raleys
Chevron	Safeway
Convenience Retail	Safeway Gasoline
Crystal View Station	Shingle Springs Honda
CVS Pharmacy	Shingle Springs Nissan Subaru
DST Innovis	Stay Safe Store
El Dorado Hills Chevron	TJ Maxx
Family Cadillac Chevrolet	Tahoes Camp Richardson Resort.
K Mart	Target
Lees Feed & Western Store	Tooley Oil
Meeks Building Center	Wal Mart

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$4,950,953	\$3,901,976
County Pool	826,857	631,586
State Pool	1,566	4,048
Gross Receipts	\$5,779,376	\$4,537,611
Less Triple Flip*	\$(1,444,844)	\$(1,134,403)

*Reimbursed from county compensation fund

NOTES

Statewide Sales Declines

With aberrations factored out, statewide sales tax receipts for July through September declined 16.4% from the same quarter of 2008. It is anticipated that this will be the last quarter of comparative double digit decreases as the recession begins to bottom out.

This quarter's declines were led by a 32.6% fall from last year's spike in fuel prices and another 25.2% drop in tax receipts from building and construction materials.

The 9.9% decline in new car receipts was the smallest decrease in this category in seven consecutive quarters. The "cash for clunkers" program was partially responsible for the lower contraction although the tax benefits were muted as exempt federal rebates reduced the taxable values of cars purchased under the program by an average of \$4,200.

Edmunds.com estimates that 72% of the purchases would have occurred without the rebate which, if true, means that the program accomplished its goal of accelerating the clearing of inventories to get auto workers back to work but partially borrowed from future sales.

A 10.1% drop in tax revenues from general consumer goods was attributed to falling prices and continuing weak sales in home furnishings, appliances and electronics, as well as disappointing back to school purchases which normally constitute the second largest retail season of the year.

But Slow Recovery

Prognostications are for overall smaller sales tax declines in the next two quarters with revenues flattening out by fiscal year 2010/2011. However, tight credit, high unemployment, price pressures and the end of federal stimulus funding are expected to stall significant recovery until the year after.

Triple Flip Woes

The state's attempts to borrow its way out of its budget problems continued to create havoc with local government fiscal planning with this year's 27.6% average cutback in triple flip backfill payments.

In order to get around the state's flagging bond rating, the borrowing approved by voters in 2004 to close that year's deficit pledged a portion of local sales tax revenues to guarantee the bonds. The complex scheme to backfill the confiscated local sales tax with property tax revenues is referred to as the "triple flip."

Although the deduction occurs in real time, the estimated backfill is set by the state Department of Finance before the fiscal year begins. Last year's overly optimistic revenue projections resulted in overpayments to most local agencies thereby resulting in substantially lower estimates and negative adjustments in this year's backfills to individual agencies.

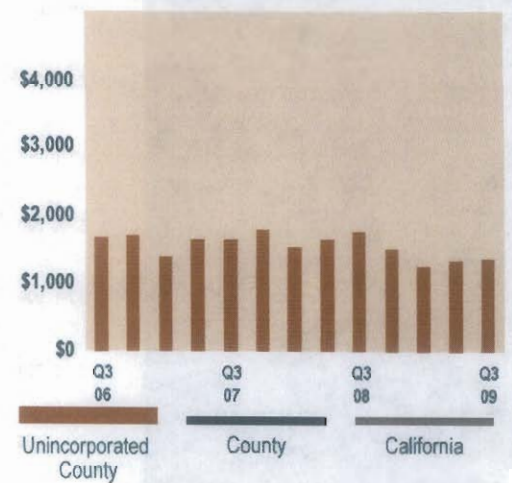
The 2004 bonds are currently estimated to be paid and the triple flip ended by April of 2016.

Stimulus Update

Approximately two thirds of the estimated \$85 billion in federal stimulus flowing to California is expected to have been spent by the end of this fiscal year with the bulk filling state budget gaps in education, health and human services, as well as providing tax relief to individuals and businesses.

The \$20.5 billion portion available for public capital improvement projects is half committed with actual expenditures expected to begin later in 2010.

SALES PER CAPITA



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q3 '09*	Change	Change	Change
Service Stations	\$351.3	-35.1%	-32.9%	-28.8%
Discount Dept Stores	— CONFIDENTIAL —		-0.1%	-4.3%
New Motor Vehicle Dealers	175.0	-16.3%	-21.3%	-9.8%
Grocery Stores Liquor	146.2	1.6%	-1.6%	-1.4%
Restaurants No Alcohol	75.7	-8.1%	-1.8%	-10.1%
Business Services	68.9	-17.2%	-19.1%	-19.8%
Restaurants Liquor	63.5	-13.2%	-4.3%	-4.0%
Restaurants Beer And Wine	61.4	-22.9%	-14.4%	-14.4%
Grocery Stores Beer/Wine	54.7	-28.0%	-18.8%	-13.3%
Contractors	52.5	-52.9%	-45.7%	-29.8%
Specialty Stores	49.8	-1.5%	-1.8%	-10.1%
Drug Stores	44.1	5.7%	1.4%	-1.0%
Clubs/Amusement Places	41.9	-5.8%	-7.6%	-6.4%
Automotive Supply Stores	41.0	-8.9%	-12.9%	-3.6%
Garden/Agricultural Supplies	37.6	-10.2%	-10.6%	-15.0%
Total All Accounts	\$1,964.7	-23.4%	-20.2%	-13.9%
County & State Pool Allocation	302.0	-15.7%		
Gross Receipts	\$2,266.6	-22.5%		

*In thousands