

# Q2 2010



# El Dorado County Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

## El Dorado County In Brief

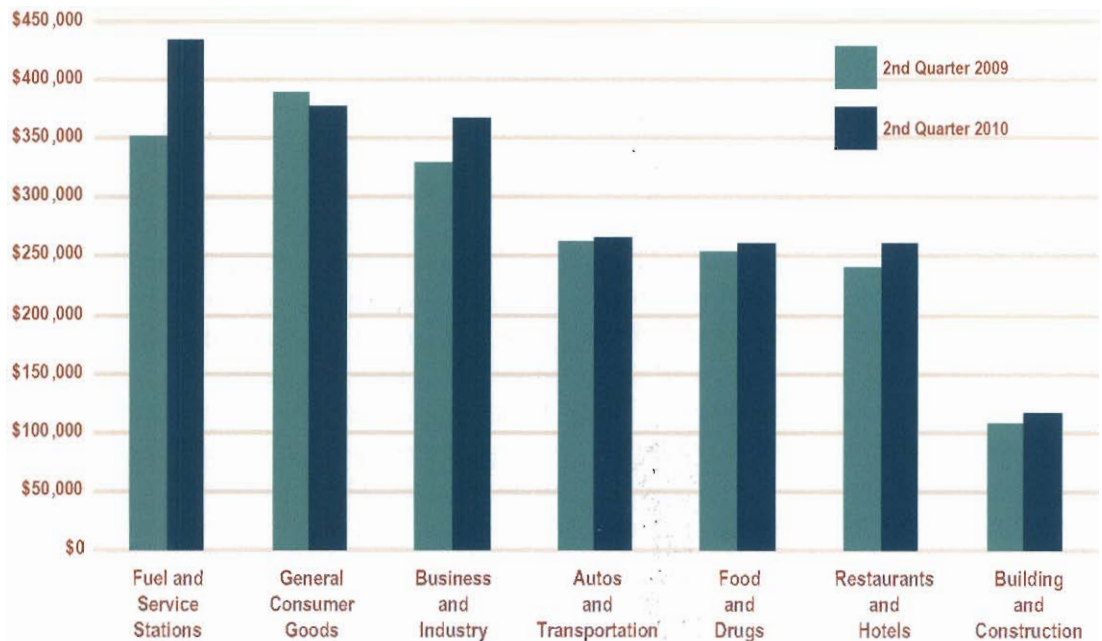
Receipts for the unincorporated area's April through June sales were 6.5% higher than the same quarter of 2009.

Higher prices at the pump buoyed service station returns. Use tax payments for equipment purchases and leases provided a temporary boost to proceeds from the building/construction sector and the business/industry group. Payment anomalies inflated results from grocery-liquor, restaurants with no alcohol and automotive supply. Recent additions contributed to the increase from restaurants-liquor.

Receipts declined from new motor vehicle dealers, some categories of business-to-business sales and some classifications of general consumer goods. Accounting anomalies skewed the comparison for restaurants serving beer & wine.

Adjusted for onetime reporting events, sales and use tax receipts for all of El Dorado County, including its cities, were 4.2% higher over the comparable time period; the Sacramento region as a whole was up 2.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Cameron Park Circle K 76	Motor Coach Industries
Cameron Park Petroleum	Nextel Leasing Systems
Chevron	Quick Stop Market
CVS Pharmacy	Raleys
Dawson Oil	Safeway
DST Innovis	Safeway Gasoline
El Dorado Hills Chevron	Shingle Springs Honda
Frontier Dental Labs	Shingle Springs Nissan Subaru
Golden State Flow Measurement	TJ Maxx
K Mart	Target
Lees Feed & Western Store	Tooley Oil
Mercedes Benz of El Dorado Hills	Vineyard Market
	Wal Mart

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$1,937,313	\$2,090,807
County Pool	331,599	327,571
State Pool	2,050	1,166
<b>Gross Receipts</b>	<b>\$2,270,962</b>	<b>\$2,419,544</b>
Less Triple Flip*	\$(567,741)	\$(604,886)

\*Reimbursed from county compensation fund

## California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

## It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred.

This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years.

The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

## Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting. Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

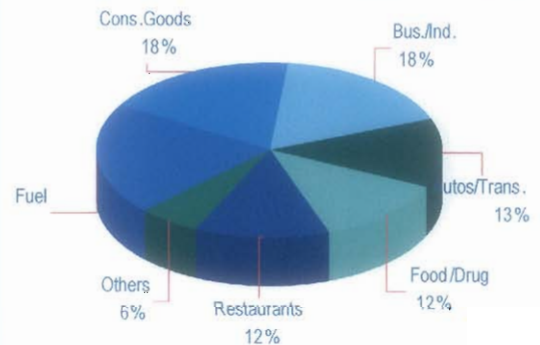
Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

## 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
	Q2 '10*	Change	Change	Change
Service Stations	\$401.3	23.5%	21.7%	18.2%
Discount Dept Stores	— CONFIDENTIAL —		-5.4%	0.1%
Grocery Stores Liquor	144.4	2.4%	-0.1%	1.0%
New Motor Vehicle Dealers	144.4	-3.9%	-1.8%	16.4%
Restaurants No Alcohol	85.3	18.0%	4.0%	4.6%
Restaurants Liquor	83.3	20.8%	6.5%	6.9%
Light Industrial/Printers	71.4	2.9%	5.4%	14.7%
Business Services	63.1	-2.3%	24.7%	10.6%
Restaurants Beer And Wine	60.7	-6.6%	-1.6%	-3.4%
Grocery Stores Beer/Wine	50.0	1.4%	1.3%	2.6%
Drug Stores	44.0	-1.6%	-4.2%	-1.2%
Garden/Agricultural Supplies	44.0	-3.3%	2.3%	-0.7%
Automotive Supply Stores	43.0	5.8%	0.0%	4.8%
Public Utilities	— CONFIDENTIAL —		na	-44.0%
Specialty Stores	41.0	-6.4%	-0.9%	1.2%
<b>Total All Accounts</b>	<b>\$2,090.8</b>	<b>7.9%</b>	<b>4.1%</b>	<b>7.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>328.7</b>	<b>-1.5%</b>		
<b>Gross Receipts</b>	<b>\$2,419.5</b>	<b>6.5%</b>		

\*In thousands