

# Q2 2011



# El Dorado County Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2011)

## El Dorado County In Brief

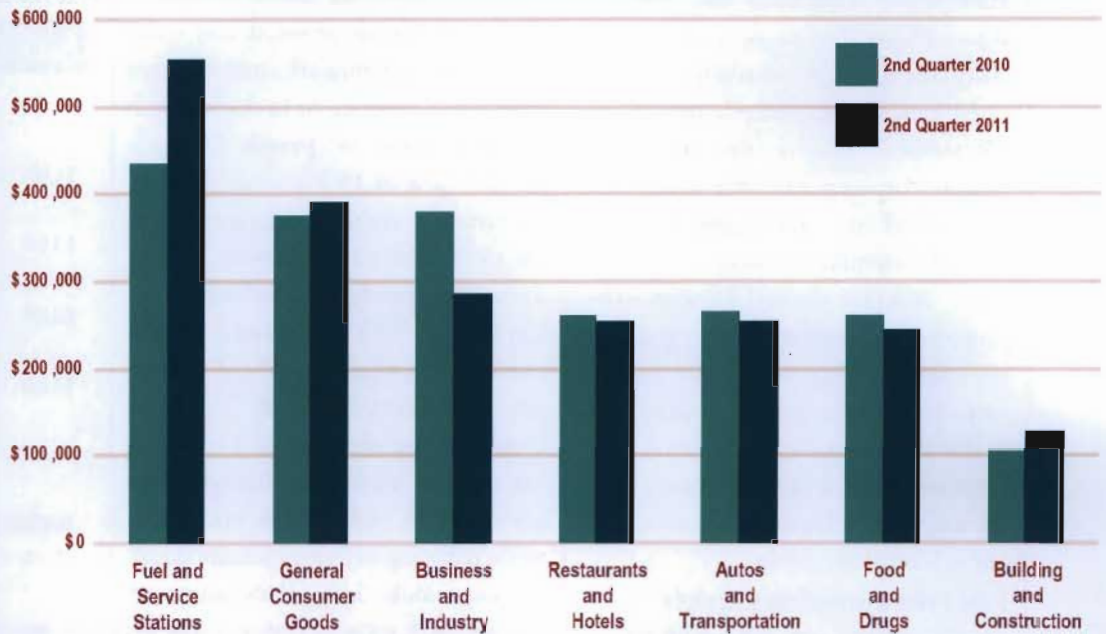
Receipts for the unincorporated area's April through June sales were 1.3% higher than the same quarter one year ago. Actual sales activity was up 4.0% when reporting aberrations were factored out.

Higher fuel prices boosted returns in fuel and service stations while new stores accounted for almost half of the rise in general consumer goods. Construction-related sectors gained ground particularly building materials and energy products.

Onetime use tax that inflated year-ago returns was the major contributor to the overall loss in business to business receipts. Nonetheless, agricultural products/materials were higher than a year ago. A dealership closure contributed to lower returns in autos and transportation while multiple aberrations accounted for the decline in restaurants and hotels. Restaurants with liquor fared the best.

Adjusted for aberrations, taxable sales for all of El Dorado County increased 5.0% over the comparable time period, while the Sacramento region as a whole was up 8.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Bright Future Technologies	K Mart
Cameron Park Circle K 76	Lees Feed & Western Store
Cameron Park Petroleum	McDonalds
Chevron - Gasoline Sales	Mercedes Benz of El Dorado Hills
CVS Pharmacy	Quick Stop Market
Dawson Oil	Safeway
DST Innovis	Safeway Gasoline
El Dorado Hills Chevron	Shingle Springs Honda
El Dorado Hills Valero	Shingle Springs Nissan Subaru
Golden State Flow Measurement	T J Maxx
Green Valley Food and Fuel	Target
	Toms Sierra Fuel
	Tooley Oil
	Wal Mart

### REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$2,090,807	\$2,114,020
County Pool	327,571	338,267
State Pool	1,166	(1,302)
<b>Gross Receipts</b>	<b>\$2,419,544</b>	<b>\$2,450,985</b>
<b>Less Triple Flip*</b>	<b>\$(604,886)</b>	<b>\$(612,746)</b>

\*Reimbursed from county compensation fund

**Statewide Results**

California's local sales and use tax revenues for sales occurring April through June 2011 were 9.4% higher than the same quarter of 2010 after payment aberrations were removed. This marks the sixth consecutive quarter of growth since the recovery began.

Higher fuel prices accounted for much of the statewide increase. Easing consumer credit, sales incentives and pent up demand led to gains in new auto sales while consumers also showed signs of spending more freely in specialty stores, home furnishings, apparel categories, jewelry and restaurants.

Electronics sales in the Bay Area sharply outpaced statewide results and highlighted the continued strength of tech-oriented business in that region. Stimulus funded infrastructure projects produced temporary gains in sales tax on concrete, asphalt and aggregates but are expected to wane later in the year as funding is depleted.

Increased airport traffic and auto rentals suggest that travel and leisure sales are in a recovery mode.

**Fuel Prices Boosting Receipts**

Second quarter fuel sales represented 38% of the total statewide sales tax increase. California consumers paid an average of \$3.94 per gallon the week of September 12th, 94 cents higher than the same period of 2010, but below the all-time high of \$4.59 in 2008. Crude oil prices, which account for about 85% of gasoline price variability, were \$90.21 a barrel in September 2011 versus \$141.06 in the summer of 2008.

Although future gas prices are expected to decline from this year's highs, increased exports of U.S. refinery output to other countries are expected to keep prices here at elevated levels.

**Growth in the Hourglass Economy**

The good news is that the economy is in recovery, the bad news is this may be as good as it gets according to a recent International Monetary Fund report

which highlights problems caused by a shift to an hourglass economy.

This type of economy is characterized by a large and expanding group at the top with high skills and high incomes offset by an expanding group at the bottom with low skills and low pay. The middle levels traditionally composed of skilled or semi-manual workers in good paying jobs continue to decline, giving the occupational income profile of the economy its distinctive shape. The 2010 Census revealed that most Americans' inflation-adjusted incomes were either stagnate or in decline with the proportion of people living in poverty now at 15.3% while 24% of the nation's wealth is concentrated in the top 1/10th of one percent.

Consumer spending has historically accounted for 70% of economic output and with the wealthiest 5% of Americans now accounting for 37% of all consumer spending, retailers are bifurcating their marketing strategies into sales of high end and low end goods while reducing offerings for the disappearing middle class. Economists say

the dependency on just a small portion of the population for increased spending limits future growth potential and fosters more boom and bust cycles. This is because the wealthy splurge and speculate when their savings are doing well and quickly cut back when the value of their assets tumble. Analysts further argue that this lack of growth potential is why major corporations are sitting on record profits and not investing in more employees.

**SALES PER CAPITA**



**EL DORADO COUNTY TOP 15 BUSINESS TYPES**

Business Type	Unincorporated County		County	HdL State
	Q2 '11*	Change	Change	Change
Auto Repair Shops	38.6	9.2%	5.7%	4.8%
Automotive Supply Stores	39.8	-7.5%	-3.9%	6.5%
Business Services	52.8	-16.3%	-20.0%	16.4%
Contractors	55.7	36.7%	19.5%	7.6%
Discount Dept Stores	— CONFIDENTIAL —		1.1%	6.4%
Drug Stores	45.0	2.2%	0.5%	2.4%
Garden/Agricultural Supplies	49.4	12.3%	7.0%	4.4%
Grocery Stores Beer/Wine	47.8	-5.0%	-8.4%	2.2%
Grocery Stores Liquor	132.0	-8.6%	-4.1%	1.5%
New Motor Vehicle Dealers	134.3	-7.0%	10.1%	9.8%
Restaurants Beer And Wine	46.6	-23.3%	-14.7%	-1.2%
Restaurants Liquor	89.9	7.9%	6.6%	8.6%
Restaurants No Alcohol	83.3	-2.8%	-8.4%	3.5%
Service Stations	517.8	29.0%	25.7%	30.9%
Specialty Stores	45.8	11.7%	3.1%	5.4%
<b>Total All Accounts</b>	<b>\$2,114.0</b>	<b>1.1%</b>	<b>3.0%</b>	<b>10.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>337.0</b>	<b>2.5%</b>		
<b>Gross Receipts</b>	<b>\$2,451.0</b>	<b>1.3%</b>		

\*In thousands