

# Q1 2012



# El Dorado County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2012)

## El Dorado County In Brief

Receipts for the unincorporated area's January through March sales were 7.3% higher than the same quarter one year ago. Actual sales activity was up 8.2% when reporting aberrations were factored out.

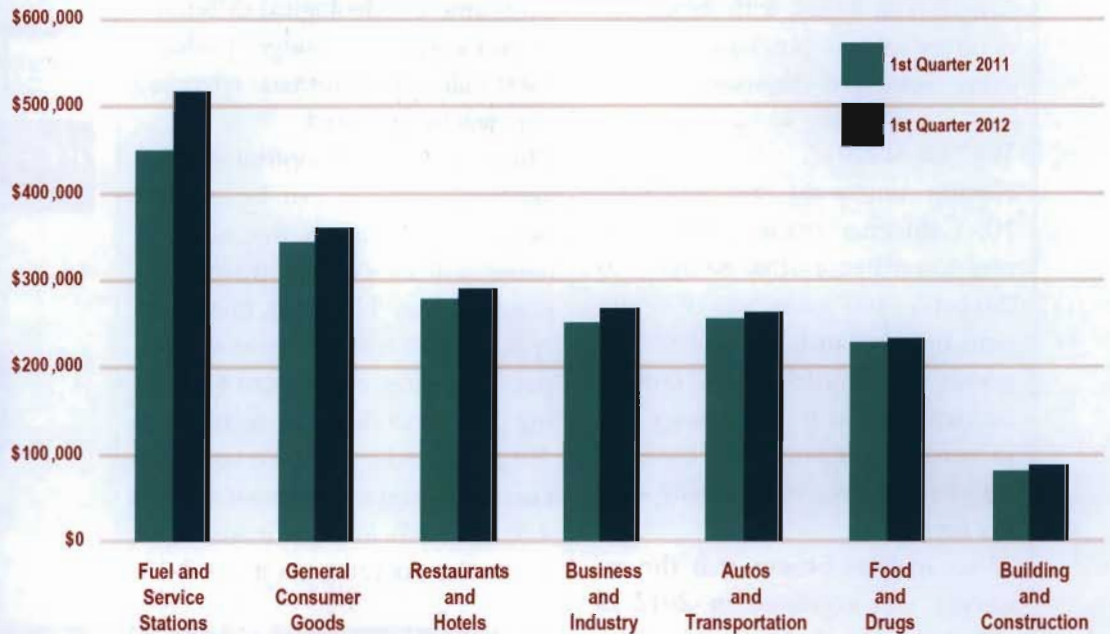
Higher fuel prices increased returns from service stations. The unincorporated area experienced a strong sales quarter for business services.

The building & construction sector and some categories of general consumer goods showed a moderate growth in sales. A recent addition helped boost revenues from restaurants.

The gains were partially offset by a decline in sales from sporting goods/bike stores and repair shop/hand tool rentals.

Adjusted for aberrations, taxable sales for all of El Dorado County increased 7.3% over the comparable time period, while the Sacramento region as a whole was up 7.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Cameron Park Circle K 76	Lees Feed & Western Store
Cameron Park Petroleum	McDonalds
Chevron	Mercedes Benz of El Dorado Hills
Circle K 76	Nugget Market
CVS Pharmacy	Safeway
Dawson Oil	Safeway Fuel Center
DST Innovis	Shingle Springs Honda
El Dorado Hills Chevron	Shingle Springs Nissan Subaru
El Dorado Hills Valero	Sierra at Tahoe
Frontier Dental Labs	Target
Heavenly Ski Resort	TJ Maxx
K Mart	Tooley Oil
	Walmart

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$8,291,919	\$8,645,543
County Pool	1,280,687	1,416,894
State Pool	3,899	3,348
<b>Gross Receipts</b>	<b>\$9,576,505</b>	<b>\$10,065,785</b>
Less Triple Flip*	\$(2,394,126)	\$(2,516,446)

\*Reimbursed from county compensation fund



**Statewide Results**

Adjusted for accounting aberrations, California's local sales and use tax revenues for January through March transactions increased 8.4% over last year's comparison quarter. Most areas of the state realized gains from service stations and auto sales; whereas some counties received added benefits in use taxes from alternative energy plant projects. Overall, the San Joaquin Valley, with strong agriculture-related purchases, led all other regions of the state.

**The Year Ahead**

Having bottomed out in 2009-10, California made solid progress toward economic recovery in 2011-12. Job gains, easier credit, pent-up demand for autos and goods, higher fuel prices, continued investment in technology and increased tourism and business travel all contributed to rising sales tax revenues.

Most analysts believe that the recovery will continue in 2012-13 although at a slower pace. How much slower is uncertain due to a number of major unresolved issues and the extent to which they can be avoided or mitigated.

One issue is the state's \$16 billion budget deficit. Government has traditionally accounted for 18% of California's jobs and the full effect of looming job losses will not be fully known until after the November election.

The European financial crisis is a problem of particular importance to California which ships high tech equipment, tools and software along with a variety of agricultural and other products to 226 countries. Exports account for roughly 25% of the state's economy.

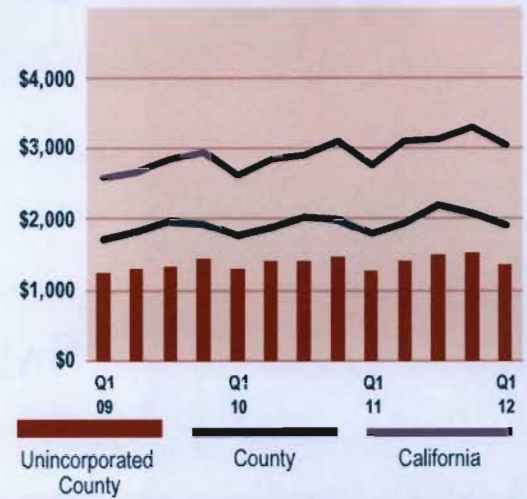
Additionally, California manufacturers that rely on foreign parts

could face a shortage if European bank credit lines contract due to ongoing European financial problems.

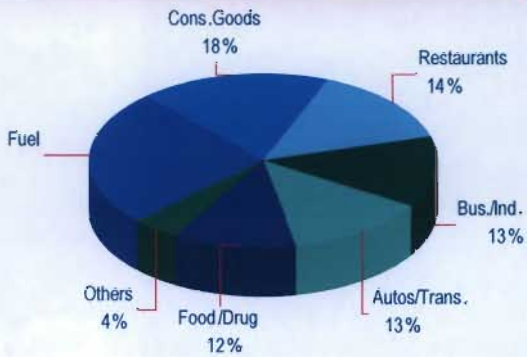
The final issue involves the Federal Budget Control Act of 2011 which was adopted to resolve last year's debt-ceiling crisis. On January 1, existing temporary tax cuts on income, payroll, capital gains and estates expire. If Congress cannot overcome its ideological differences and agree on a budget package, \$400 billion in automatic spending cuts will be activated.

There is general optimism that another recession can be avoided because it is unlikely that all these issues will devolve to their worst possible case. However, uncertainty about eventual outcomes will impact spending, investment and hiring plans and slow the recovery in 2012's second half. Even so, HdL's current consensus forecast is for a 4.5% to 5.0% increase in statewide local sales tax revenues in 2012-13.

**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 '12*	Change	Change	Change
Auto Repair Shops	37.1	0.3%	2.8%	8.1%
Automotive Supply Stores	44.6	9.9%	2.6%	9.4%
Business Services	67.1	26.6%	22.2%	40.0%
Contractors	34.7	-12.0%	-1.2%	22.6%
Discount Dept Stores	— CONFIDENTIAL —		5.1%	5.6%
Drug Stores	43.9	10.6%	2.1%	3.0%
Grocery Stores Beer/Wine	37.9	-18.1%	-11.6%	9.2%
Grocery Stores Liquor	128.7	4.0%	-0.3%	5.6%
Hotels-Liquor	44.6	8.4%	2.3%	4.0%
New Motor Vehicle Dealers	150.2	4.4%	17.1%	14.5%
Restaurants Beer And Wine	48.9	-4.0%	-5.6%	3.8%
Restaurants Liquor	84.9	13.4%	14.6%	13.0%
Restaurants No Alcohol	84.3	2.0%	3.1%	9.5%
Service Stations	478.2	16.1%	11.2%	13.3%
Specialty Stores	38.5	34.1%	25.0%	6.9%
<b>Total All Accounts</b>	<b>\$2,021.6</b>	<b>6.8%</b>	<b>6.5%</b>	<b>9.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>325.1</b>	<b>10.1%</b>		
<b>Gross Receipts</b>	<b>\$2,346.7</b>	<b>7.3%</b>		<i>*In thousands</i>