

# Q1 2017



# El Dorado County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2017)

## El Dorado County In Brief

The unincorporated area's receipts from January through March were 7.9% above the first sales period in 2016.

The return of higher gas prices, consistent with the statewide trend, surged revenue from gas stations, while soft winter weather conditions allowed for improved results from building material providers and contractor suppliers.

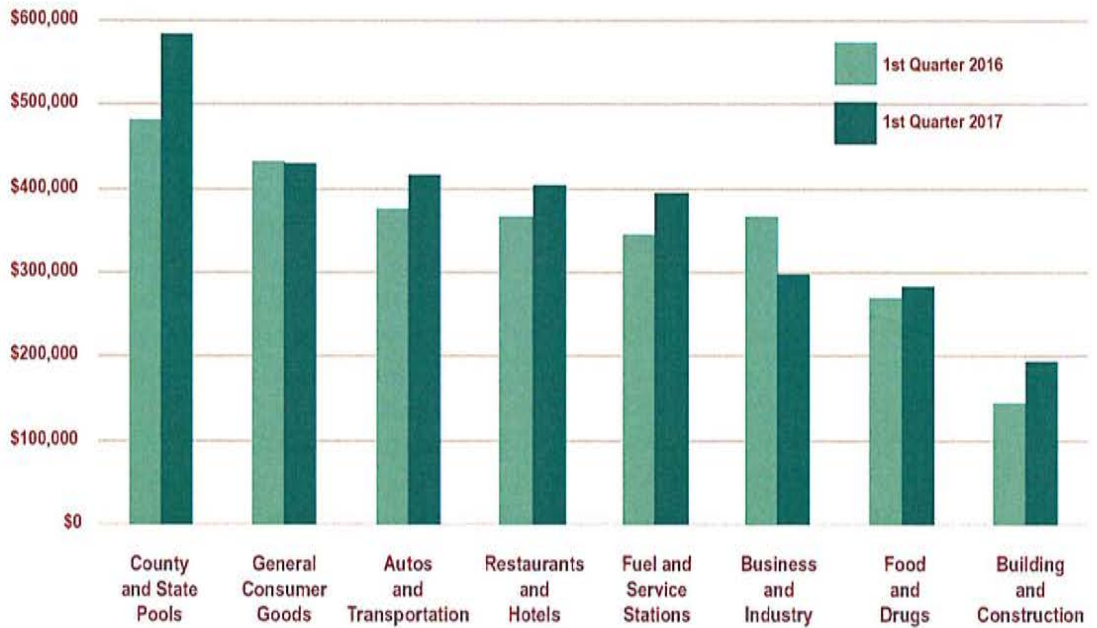
Greater variety and new dining concepts continued to lift consumer demand for eating out, positively impacting results from casual restaurants. Solid sales of new cars, enhanced by low interest rates on long-term financing options, were largely responsible for growth in autos-transportation.

These increases in local point of sale revenue and a rise in capital and online purchases shipped into the region boosted allocations from the countywide use tax pool, further contributing to the favorable outcome.

Although business-industry vendors experienced mixed results, payment aberrations in the current and year-ago period temporarily pulled down group receipts.

Net of aberrations, taxable sales for all of El Dorado County grew 6.7% over the comparable time period; the Sacramento region was up 4.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Cameron Park Petroleum	Lees Feed & Western Store
Chevron	Meeks Building Center
Circle K 76	Mercedes Benz
Crystal View Shell	Musco Sports Lighting
CVS Pharmacy	My Goods Market
Daimler Trust	Raleys
Farrell Design Build Companies	Safeway
Golden State Flow Measurement	Shell
Hattori Hanzo Shears	Shingle Springs Honda
Heavenly Sports Main Lodge	Shingle Springs Nissan Subaru
Heavenly Valley Cal Base Lodge	Sierra at Tahoe
Jon-Don	Target
	Walmart

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$9,930,726	\$10,345,269
County Pool	2,039,949	2,482,210
State Pool	7,516	8,729
<b>Gross Receipts</b>	<b>\$11,978,191</b>	<b>\$12,836,207</b>
Less Triple Flip*	\$(2,298,734)	\$0

\*Reimbursed from county compensation fund

**Statewide Results**

Local tax receipts from January through March sales were 2.1% higher than the first quarter of 2016 after factoring for accounting anomalies.

Rising fuel prices, auto sales, county use tax pool allocations and dining out added most to the overall gain. Some general consumer goods and B2B sales were flat or down.

This quarter reflects the start of an anticipated leveling off of future tax revenues. After seven years of recovery, analysts are reporting an end to the previous pent-up demand for autos. Demand for new cars will ease due to more buyers tied to long-term loans and a glut of used cars coming off lease.

Price competition and store closures have reduced tax receipts from consumer goods. Business investment remains strong but much of the growth is for non-taxable items such as cloud computing and large data solutions. Declines in foreign tourist visits and lower costs of eating at home are expected to slow the growth in restaurant sales.

**New Sales Tax Organization**

As of July 1, the operating divisions responsible for allocation of tax revenues other than property, insurance and alcoholic beverages will shift from the State Board of Equalization (BOE) to the Governor's new Department of Tax and Fee Administration.

The BOE was first established by constitutional amendment in 1879 to oversee property tax assessment practices by all counties in the state. It eventually became responsible for other tax revenues including sales, insurance, corporate franchise and special fees.

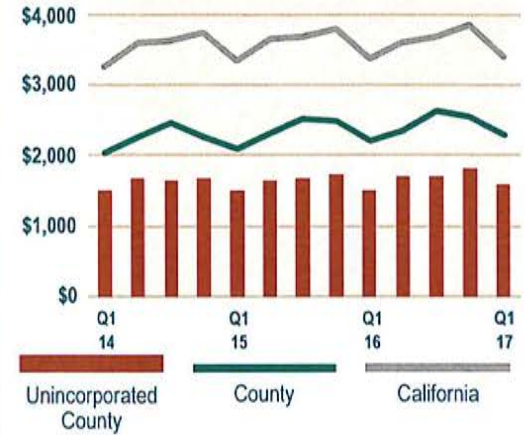
In 2011, HdL detected discrepancies in the BOE's allocation of public safety revenues which led to the recovery of over \$124 million in revenues for counties. Subsequent audits by the State

Controller and State Department of Finance revealed further shortcomings. The result was the passage of budget trailer bill SB86/AB102 that reduces the BOE to its previous constitutionally defined functions.

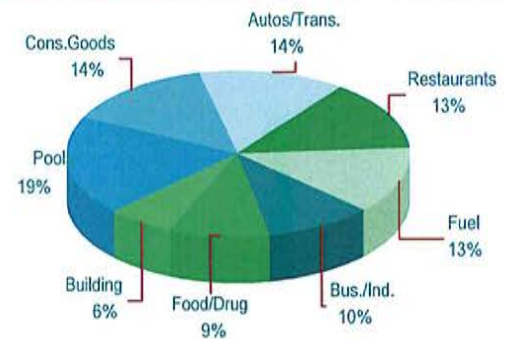
The BOE is also empowered to hear appeals and disputes over tax assessments including sales/use, personal income and corporate taxes and is the only elected Tax Board in the United States that hears tax disputes. Effective January 1, 2018, that function will be turned over to a new Office of Tax Appeals (OTA) composed of panels of administrative law judges appointed by the Governor with locations in Sacramento, Fresno and Los Angeles.

For functions other than the appeal process, this is primarily a reshuffling of existing personnel so the change will have little impact on local agencies. However, the issue of local government's ability to provide input regarding future policy and regulation changes that impact revenues remains under discussion. HdL will share more about the BOE transition as details become available in the weeks ahead.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
El Dorado Co. Uninc This Quarter



**EL DORADO COUNTY TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Unincorporated County Q1 '17*	Change	County Change	HdL State Change
Auto Repair Shops	53.7	-0.9%	5.4%	5.1%
Automotive Supply Stores	56.1	4.4%	10.0%	0.0%
Building Materials	63.5	7.5%	7.8%	3.1%
Casual Dining	217.7	19.1%	12.9%	0.5%
Contractors	86.4	55.2%	37.9%	-3.9%
Convenience Stores/Liquor	63.6	7.9%	4.0%	3.7%
Discount Dept Stores	—	CONFIDENTIAL	-2.7%	1.6%
Garden/Agricultural Supplies	49.2	-2.1%	1.4%	-1.0%
Grocery Stores	148.3	2.1%	7.3%	0.5%
Hotels-Liquor	—	CONFIDENTIAL	-11.7%	6.3%
Light Industrial/Printers	79.0	69.3%	67.7%	7.4%
New Motor Vehicle Dealers	219.7	10.9%	5.6%	4.4%
Quick-Service Restaurants	81.4	-8.7%	-2.3%	4.6%
Service Stations	357.5	12.5%	10.6%	10.0%
Specialty Stores	63.5	27.7%	29.5%	0.1%
<b>Total All Accounts</b>	<b>2,418.8</b>	<b>5.1%</b>	<b>4.2%</b>	<b>1.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>584.0</b>	<b>21.0%</b>	<b>20.0%</b>	<b>2.9%</b>
<b>Gross Receipts</b>	<b>3,002.8</b>	<b>7.9%</b>	<b>7.0%</b>	<b>1.9%</b>