

EL DORADO COUNTY

SALES TAX UPDATE

3Q 2020 (JULY - SEPTEMBER)



EL DORADO COUNTY

TOTAL: \$ 4,173,851

8.3%
COUNTY UNINC.



7.1%
COUNTY

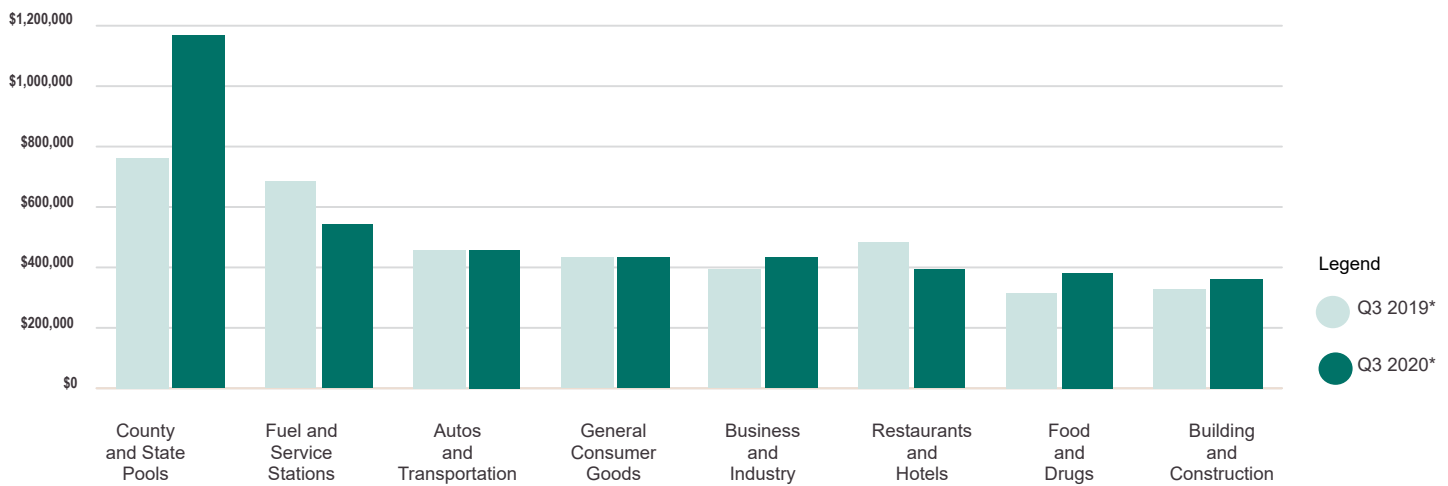


-0.9%
STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



EL DORADO COUNTY HIGHLIGHTS

The unincorporated area's receipts from July through September were 8.4% above the third sales period in 2019.

Stay at home projects helped local establishments; strong gains came from building materials and auto supply stores. Specialized products tied to regional construction accounted for much of the plumbing/electrical supplier's 45% improvement. Grocery stores and garden/agricultural also captured solid returns over this time.

A large increase in the County's distribution from the countywide use tax pool offset declines posted by the area's brick and mortar businesses. The upsurge came from the record-setting pace of online sales spurred by the pandemic along with new taxes coming from marketplace facilitators as required under AB147. Absent growth in the pool

allocation, the county's receipts were down 2.9% from last year.

While general consumer goods eked out an overall 1% gain, independent and small retailers saw diminished activity from sectors such as apparel and sporting goods. As the coronavirus influences extended beyond spring, reductions in miles traveled lowered service stations; outcomes included suppressed fuel prices. Contractor's activity fell. Operational limitations decreased taxes from casual dining and quick service establishments. Tourism remained shackled; hotels/resorts plummeted 57%.

Net of aberrations, taxable sales for all of El Dorado County grew 7.1% over the comparable time period; the Sacramento region was up 3.8%.



TOP 25 PRODUCERS

- Arco AM PM
- Broadridge Output Solutions
- Cameron Park 76
- Camp Richardson Resort
- Crystal View Station
- CVS Pharmacy
- Daimler Trust
- Express Fuel
- Golden State Flow Measurement
- Green Valley Arco
- Holiday Quality Foods
- Lees Feed & Western Store
- Meeks Building Center
- Mercedes Benz of El Dorado Hills
- Musco Sports Lighting
- Pure Life Collective
- Quik Stop
- Safeway
- Safeway Fuel
- Shell
- Shingle Springs Honda
- Shingle Springs Nissan
- Subaru
- Target
- True Value Hardware
- Walmart



STATEWIDE RESULTS

The local one-cent sales and use tax from sales occurring July through September was 0.9% lower than the same quarter one year ago after factoring for accounting anomalies. The losses were primarily concentrated in coastal regions and communities popular with tourists while much of inland California including the San Joaquin Valley, Sacramento region and Inland Empire exhibited gains.

Generally, declining receipts from fuel sales, brick and mortar retail and restaurants were the primary factors leading to this quarter's overall decrease. The losses were largely offset by a continuing acceleration in online shopping that produced huge gains in the county use tax pools where tax revenues from purchases shipped from out-of-state are allocated and in revenues allocated to jurisdictions with in-state fulfillment centers and order desks.

Additional gains came from a generally solid quarter for autos, RV's, food-drugs, sporting goods, discount warehouses, building material suppliers and home improvement purchases. Some categories of agricultural and medical supplies/equipment also did well.

Although the slight decline in comparable third quarter receipts reflected a significant recovery from the immediate previous period's deep decline, new coronavirus surges and reinstated restrictions from 2020's Thanksgiving and Christmas gatherings compounded by smaller federal stimulus programs suggest more significant drops in forthcoming revenues from December through March sales.

Additionally, the past few quarter's gains in county pool receipts that were generated by the shift to online shopping plus last

year's implementation of the Wayfair v. South Dakota Supreme Court decision will level out after the first quarter of 2021.

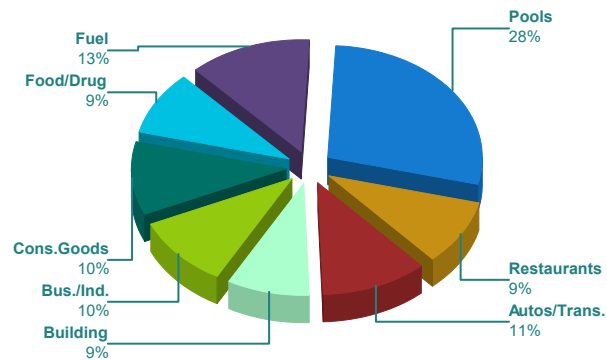
Much of the initial demand for computers and equipment to accommodate home schooling and remote workplaces has been satisfied. Manufacturers are also reporting that absenteeism, sanitation protocols, inventory and imported parts shortages have reduced production capacity that will not be regained until mass vaccines have been completed, probably by the fall of 2021.

Significant recovery is not anticipated until 2021-22 with full recovery dependent on the specific character and make up

of each jurisdiction's tax base. Part of the recovery will be a shift back to non-taxable services and activities. Limited to access because of pandemic restrictions, consumers spent 72% less on services during the third quarter and used the savings to buy taxable goods.

Full recovery may also look different than before the pandemic. Recent surveys find that 3 out of 4 consumers have discovered new online alternatives and half expect to continue these habits which suggests that the part of the recent shift of revenues allocated through countywide use tax pools and industrial distribution centers rather than stores will become permanent.

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



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q3 '20*	Change	County Change	HdL State Change
Service Stations	520.7	-20.2%	-19.4%	-29.0%
Casual Dining	215.7	-11.2%	-15.1%	-38.0%
Grocery Stores	213.5	19.9%	16.6%	7.1%
Building Materials	141.3	30.4%	20.3%	16.4%
Plumbing/Electrical Supplies	117.7	45.3%	37.4%	-0.3%
Business Services	114.3	-9.2%	-9.0%	-18.1%
Contractors	91.3	-28.8%	-19.9%	-5.7%
Quick-Service Restaurants	88.1	-5.1%	-2.5%	-10.2%
Automotive Supply Stores	76.3	17.4%	5.6%	5.6%
Garden/Agricultural Supplies	76.3	10.6%	15.2%	7.0%

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*In thousands of dollars