

EL DORADO COUNTY UNINC.

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



EL DORADO COUNTY

TOTAL: \$ 4,912,121

-3.1%
COUNTY UNINC.



-2.1%
COUNTY

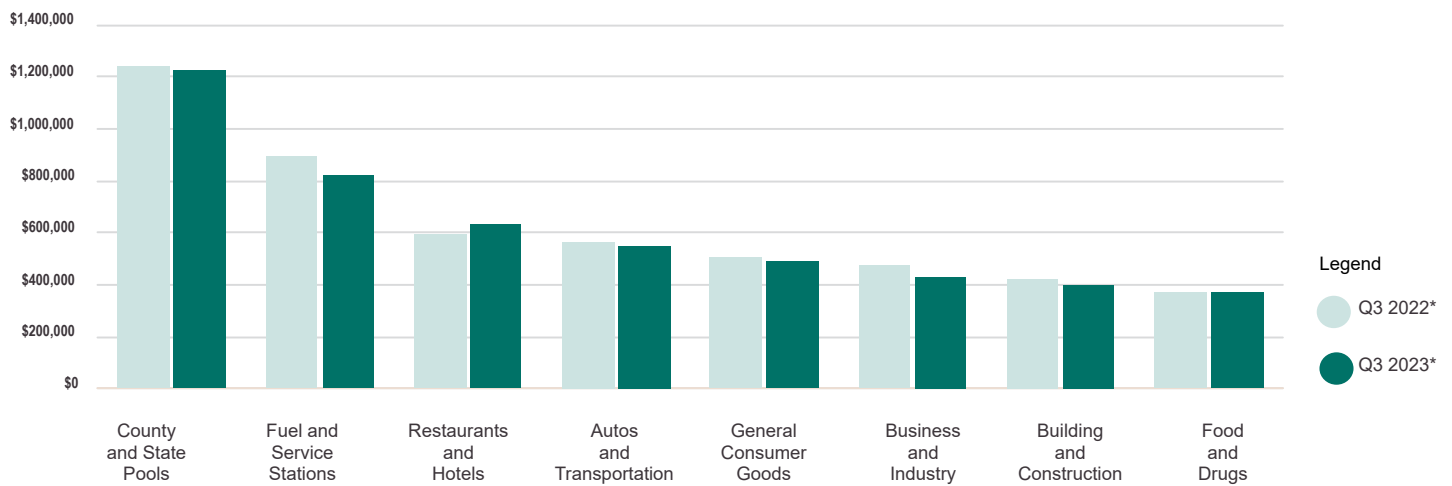


-1.7%
STATE



**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



EL DORADO COUNTY UNINCORPORATED HIGHLIGHTS

The unincorporated area's receipts from July through September were 1.6% below the third sales period in 2022. Excluding reporting aberrations, receipts for this period were down 3.1%.

The largest portion of this quarter's drop in sales activity came from gas stations, where a combination of falling prices and less demand took their toll. Next in terms of dollar decline is the business and industry group, which is a diverse set of entities selling to both the public and commercial enterprises. Sales can vary widely in terms of both value and frequency for the largest members of the group. This period, sales were solid, but no match against the comparison period because it captured an exceptional volume of activity.

For the taxpayers within the building-construction group, results were widely

mixed, but in the end, last year had the stronger book of business since new development was still ongoing and projects underway had not reached completion.

The one bright spot this period was found in the restaurant group where all dining formats reported sales gains. The casual dining group, which is mainly comprised of sit-down restaurants, added a number of new outlets that have been well received and generated new value for the tax base.

After discounting adjustments, sales for all of El Dorado County declined 2.1% over the comparable time period while those of the Sacramento region were down 1.5%.



TOP 25 PRODUCERS

- 7 Eleven
- Arco AM PM
- Broadridge Output Solutions
- Camp Richardson Resort
- Chevron
- CVS Pharmacy
- Dawson Oil
- El Dorado Truss
- Express Fuel
- Green Valley Arco
- Holiday Quality Foods
- Lees Feed & Western Store
- Mason West
- Meek's Lumber & Hardware
- Mercedes Benz Of El Dorado Hills
- Musco Sports Lighting

- My Goods Market
- Quik Stop
- Safeway
- Safeway Fuel
- Shingle Springs Honda
- Shingle Springs Subaru
- Target
- TJ Maxx
- Walmart



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

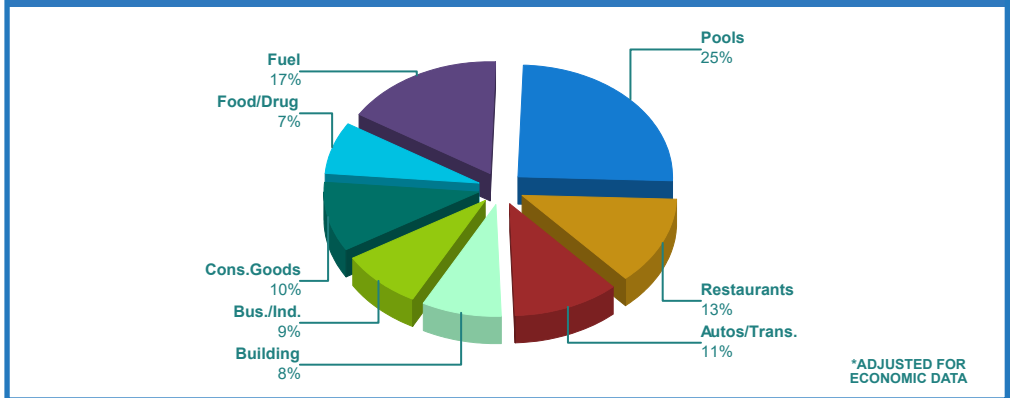
Despite continued increases of new car registrations, revenue from the autos-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for ‘fast food restaurants’.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

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



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q3 '23*	Change	County Change	HdL State Change
Service Stations	770.0	-7.9% ↓	-7.0% ↓	-7.3% ↓
Casual Dining	353.1	11.0% ↑	5.7% ↑	2.8% ↑
Grocery Stores	220.8	3.9% ↑	-0.1% ↓	2.3% ↑
Contractors	174.7	-4.4% ↓	-6.7% ↓	-1.1% ↓
Business Services	142.4	-10.8% ↓	-12.3% ↓	-1.7% ↓
Building Materials	138.1	3.1% ↑	2.1% ↑	-2.6% ↓
Quick-Service Restaurants	104.4	2.3% ↑	5.2% ↑	2.7% ↑
Garden/Agricultural Supplies	86.8	5.1% ↑	1.3% ↑	1.8% ↑
Hotels/Motels	79.3	-3.0% ↓	6.8% ↑	0.8% ↑
Plumbing/Electrical Supplies	74.5	-14.2% ↓	-8.7% ↓	-3.8% ↓

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars