

EL DORADO COUNTY UNINC.

SALES TAX UPDATE

4Q 2023 (OCTOBER - DECEMBER)



EL DORADO COUNTY

TOTAL: \$ 5,123,342

-2.2%
COUNTY UNINC.



-2.8%
COUNTY



-2.5%
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 October through December were 3.7% below the fourth sales period in 2022. Excluding reporting aberrations, actual sales were down 2.2%.

Consumer prices are still rising at a rate higher than the Fed's inflation target. While various economic reports indicate solid job growth and unemployment remains low, consumers seem to have shifted spending to travel, entertainment and experiences.

Fuel-service station payments continued to diminish due to lower pricing and consumption. Oil prices have been volatile again and refineries have begun the transition to summer-blend production. The business-industry group fell with less investment taking place as demand has slowed in multiple segments.

Retailers reported a modest decrease in sales, despite trying to encourage early holiday shopping, where pricing markdowns may have factored into the decline. The food-drugs group sales slowed as shoppers searched for bargains at grocery stores, including moving away from brand names to private label products.

Modest gains from the restaurants-hotels sector, with patrons enjoying local sit-down restaurants and leisure/entertainment options, were offset by a decline at fast casual restaurants. Moreover, a one-time allocation helped to boost the autos-transportation group.

Net of aberrations, taxable sales for all of El Dorado County declined 2.8% over the comparable time period; the Sacramento region was down 3.4%.



TOP 25 PRODUCERS

- 7 Eleven
- Airbus Helicopters
- Arco AM PM
- Broadridge Output Solutions
- Calif Integration Coordinators
- Chevron
- CVS Pharmacy
- Dawson Oil
- El Dorado Truss
- Express Fuel
- Green Valley Arco
- Holiday Quality Foods
- Lees Feed & Western Store
- 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 during the months of October through December were 2.5% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating quarter of the year and exhibited diminished year-over-year returns as consumers balanced higher prices and financing costs with essential household needs.

Higher interest rates impacted the auto-transportation sector, especially luxury vehicles, as the group dropped 6.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining receipts. Lenders have tightened credit standards, making loan financing challenging. Improved leasing activity was the lone bright spot. With slow movement expected by the Federal Treasury setting interest rate policy, future revenue growth may stagnate.

Fuel and service stations contributed a similar downturn, as lower fuel prices reduced receipts from gas stations and petroleum providers. While this has been the trend throughout 2023, recently global crude oil prices have been on the rise and should see growth in the coming year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop.

During this holiday shopping period, general consumer goods experienced lackluster sales as results pulled back 3.4%. Most sectors saw reductions with home furnishings, women’s apparel, shoe and electronic-appliance stores being the most significant. Returns also marked the fourth consecutive quarter showing comparable declines. Similar to the anticipated trend of new vehicles, consumer spending may be sluggish in the near term.

Even though revenue from most major

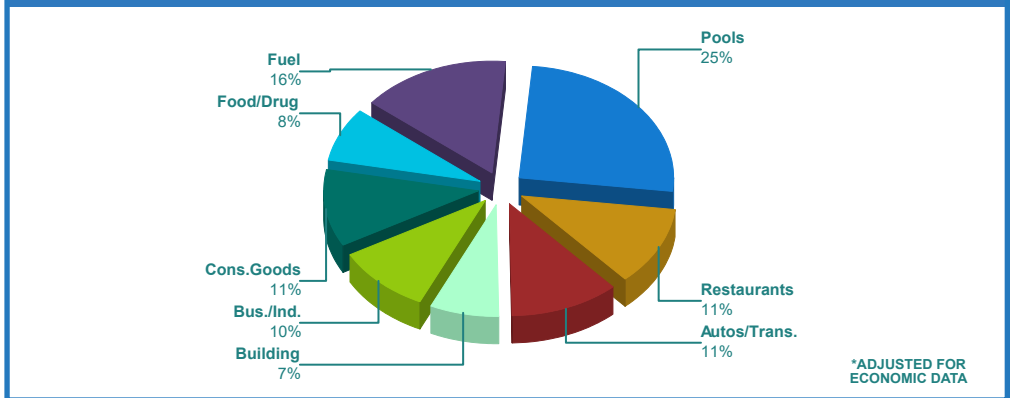
sectors slowed, restaurant sales remained steady with a modest gain of 1.0%. Results from casual dining establishments grew during the early winter period as patrons enjoyed indoor dining. However, following the greater trend of consumers looking for value, fine dining eateries experienced lower receipts. The industry is still bracing for implementation of AB 1228, a new law increasing minimum wages for ‘fast food restaurants’, on April 1, 2024.

Use taxes remitted via the countywide pools grew 1.0%, marking the first positive rebound after four consecutive quarters of decline. While overall online sales volume is steady, pool collections contracted with more taxes allocated directly to local agencies via in-state fulfillment and through

existing retail outlets.

Statewide, calendar year 2023 ended with a 2.3% decline from 2022. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Following multiple years of post-pandemic tax growth assisted by federal tax policy and temporary workplace accommodations, consumers reassessed their economic conditions and limited purchases. As the Federal Reserve considers delaying softening rates, consumer spending could likely stagnate delaying a return to the normal historical growth trend in 2024.

REVENUE BY BUSINESS GROUP
El Dorado Co. Uninc This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q4 '23*	Change	County Change	HdL State Change
Service Stations	696.5	-5.6% ↓	-4.3% ↓	-4.9% ↓
Casual Dining	312.3	2.5% ↑	-0.6% ↓	1.7% ↑
Grocery Stores	242.4	-10.3% ↓	-12.5% ↓	-4.6% ↓
Business Services	195.8	-2.9% ↓	-3.1% ↓	-8.5% ↓
Contractors	142.2	-11.2% ↓	-4.5% ↓	1.3% ↑
Building Materials	128.2	1.4% ↑	2.7% ↑	-2.0% ↓
Quick-Service Restaurants	106.6	1.3% ↑	-1.3% ↓	0.3% ↑
Plumbing/Electrical Supplies	92.2	0.7% ↑	3.8% ↑	-4.3% ↓
Garden/Agricultural Supplies	86.8	3.3% ↑	-1.0% ↓	-4.0% ↓
Specialty Stores	73.0	-1.5% ↓	-5.2% ↓	-2.1% ↓

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