

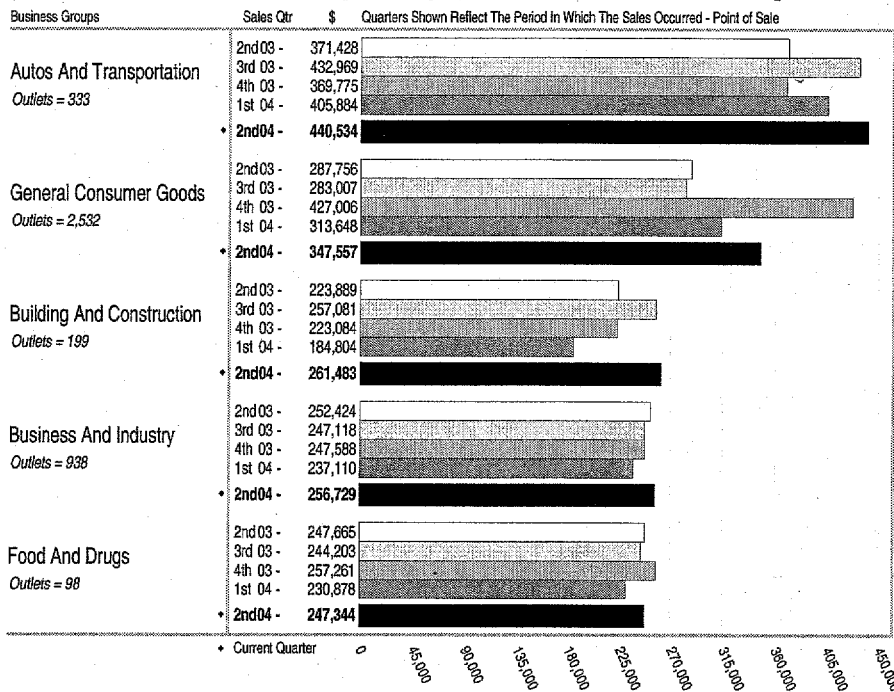


EL DORADO COUNTY SALES TAX

Third Quarter Receipts for Second Quarter Sales (Apr. - June 2004)

Publication Date: October 2004 The HdL Companies (www.hdlcompanies.com)

Sales Tax By Major Business Group



This Quarter

Receipts from April to June sales in the unincorporated area gained 13.7% compared to the same period last year but aberrations skewed results. With anomalies removed, actual sales increased 7.9%.

Growth in sales activity boosted returns in new autos, discount department stores, contractors, lumber/building materials and hardware stores while new outlets bumped up the grocery stores with beer/wine, restaurants with liquor and home furnishing categories. A changed business classification accounted for the rise in light industrial/printers. Year-ago delayed payments overstated fuel-related accounts. A gain in the county's share of the countywide use tax allocation pool added to overall results.

Gross receipts for all of El Dorado County rose 9.9% over a year ago.

Top 25 Producers

Listed Alphabetically

Albertsons
Bel Air Mart
Central Concrete Supply
Chevron USA
Crystal View Station
DST Innovis
Dawson Oil
El Dorado Dodge Lincoln Mercury
El Dorado Hills 76
El Dorado Hills Chevron
Family Chevrolet Cad Oldsmobile
KMart
Lee's Feed & Western Store
Long's
Meeks Building Center
Mercedes Benz of El Dorado Hills
Nor Cal Readymix
Nu Star Motors
Raley's
Safeway
Shingle Springs Honda
Shingle Springs Nissan Subaru
Texaco
Tower Mart
Wal Mart

Sales Tax Notes

"TRIPLE FLIP" BEGINS...

This is the last quarter that local agencies immediately receive their full allocation of sales and use tax. Although the Board of Equalization's reports and data will continue to reflect the full amounts generated, one-fourth of future distributions will be withheld to guarantee Proposition 57's voter-approved bonds to cover the state's budget deficit.

The withheld funds will be backfilled from county property taxes each January and May in the exact amounts established by the State Director of Finance. For 2004/2005, El Dorado County's backfill will be \$2,093,326. Under- or overestimates will be made up in the following fiscal year.

Proposition 1A if approved, would prevent the state from confiscating future "triple flip" backfills for other purposes. The proposition will however, allow changing the distribution of local taxes to place of use to com-

ply with the interstate streamlined sales tax project if California exercises its option to participate. A state analysis of the issue is expected in early 2005.

CALIFORNIA PERFORMANCE REVIEW

The 1,200 ideas recently presented to the Governor for improving the efficiency and effectiveness of state government include the following suggestions related to sales tax:

- Consolidate the Franchise Tax Board, Board of Equalization and Employment Development Department into a California Tax Commission.

- Create a better data system for identifying potential tax avoiders.

- Expand the tax amnesty program to encourage payment of delinquent taxes.

- Hire additional staff to identify and collect unreported use tax.

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Top 20 Business Categories

Business Type	Outlets	2nd Qtr '04	2nd Qtr '03	Percent Change	Percent of Total		
					Unincorp	County	State
New Motor Vehicle Dealers	6	272,270	226,348	20.3%	13.8%	15.0%	13.6%
Service Stations	30	202,411	179,078	13.0%	10.3%	9.0%	7.2%
Discount Dept Stores	19	165,864	143,551	15.5%	8.4%	5.7%	6.1%
Contractors	133	129,372	95,383	35.6%	6.6%	5.6%	3.8%
Grocery Stores Liquor	12	104,165	115,878	-10.1%	5.3%	5.9%	2.8%
Light Industrial/Printers	171	87,447	53,764	62.6%	4.4%	2.9%	3.7%
Grocery Stores Beer/Wine	27	71,519	66,187	8.1%	3.6%	2.6%	1.3%
Lumber/Building Materials	28	71,426	68,106	4.9%	3.6%	3.2%	4.5%
Restaurants Beer And Wine	70	63,755	49,701	28.3%	3.2%	3.4%	2.4%
Fast Food	103	62,880	57,113	10.1%	3.2%	4.9%	4.3%
Hardware Stores	23	52,210	45,917	13.7%	2.6%	2.0%	0.7%
Specialty Stores	788	49,023	40,596	20.8%	2.5%	2.2%	3.2%
Automotive Supply Stores	86	48,847	44,720	9.2%	2.5%	2.3%	1.2%
Used Automotive Dealers	29	48,262	41,499	16.3%	2.4%	2.2%	1.4%
Drug Stores	7	45,563	42,140	8.1%	2.3%	2.3%	1.3%
Restaurants Liquor	36	37,995	24,842	52.9%	1.9%	3.7%	2.8%
Farm Products/Equipment	73	36,790	33,129	11.1%	1.9%	1.1%	0.6%
Auto Repair Shops	115	35,177	33,594	4.7%	1.8%	1.8%	1.1%
Garden Supplies	52	32,274	29,220	10.5%	1.6%	1.3%	0.8%
Home Furnishings	174	26,197	13,429	95.1%	1.3%	1.5%	2.4%
Retail Stores	2,292	1,498,002	1,314,879	13.9%	75.9%	79.3%	76.3%
Non-Stores/Part Time Retailers	823	34,227	27,130	26.2%	1.7%	1.3%	0.6%
Business, Service & Repairs	723	124,754	169,585	-26.4%	6.3%	6.7%	7.4%
All Other Outlets (Industrial)	552	316,929	224,794	41.0%	16.1%	12.7%	15.8%
Total All Accounts	4,390	1,973,912	1,736,387	13.7%			
County & State Pool Allocation		425,197	373,384	13.9%			
Gross Receipts		2,399,109	2,109,771	13.7%			

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Develop independent sources of revenue for local governments.

The report which was assembled by state employees and volunteers, is now being reviewed by a 21-member Performance Review Commission through public hearings around the state. For more information, go to <http://cpr.ca.gov>.

STATE OVERHEAD CHARGES

The 2004 Budget Act requires that the Board of Equalization submit by December, 2004, a report to the State Legislature on the fees currently charged for administration of sales, use and transactions taxes.

The state currently assesses local agencies the direct costs associated with registering, processing, auditing and collecting local taxes plus a share of the Board's basic infrastructure costs and a share of the costs of support services provided by other state agencies. The fees are adjusted annually to reflect the difference between the Board's recovered costs

and actual costs incurred during the previous two years.

In 2003/2004, this resulted in a fee of 0.81% of revenues collected for the Bradley Burns local tax and 1.26% of revenues collected for local transactions tax districts. A total of \$76,880,000 was deducted from local agency allocations for collection and administration of the two taxes in 2003/2004.

Fiscal Year To Date Revenue Comparison

	2003-04	2004-05
Point-of-Sale	1,736,387	1,973,912
County Pool	371,512	422,912
State Pool	1,872	2,285
Gross Receipts	2,109,771	2,399,109

