

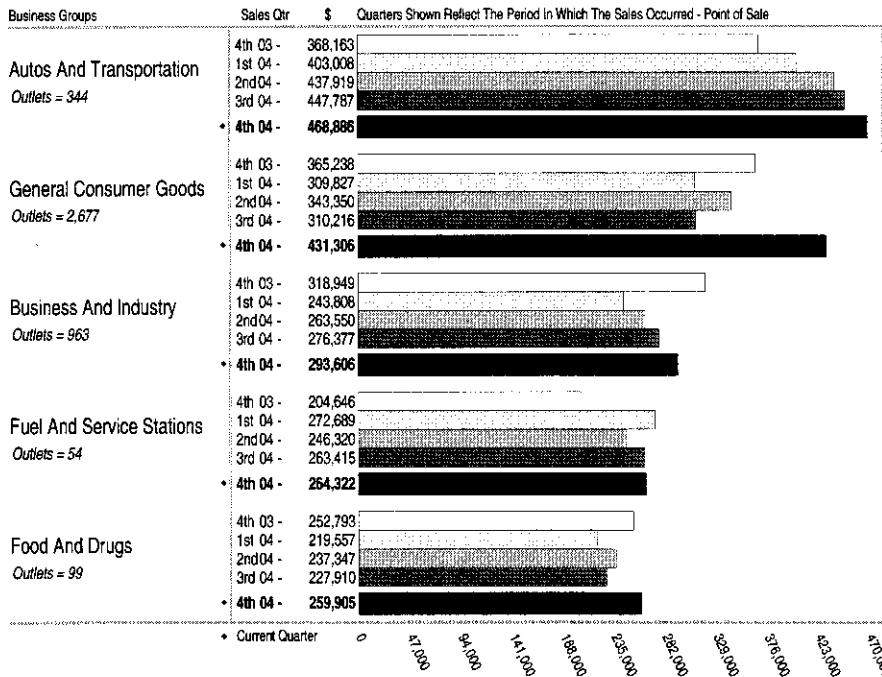


# EL DORADO COUNTY SALES TAX

First Quarter Receipts for Fourth Quarter Sales (Oct. - Dec. 2004)

Publication Date: April 2005 The HdL Companies (www.hdlcompanies.com)

## Sales Tax By Major Business Group



## This Quarter

Receipts from October-December sales in the unincorporated area gained 19.7% but accounting aberrations skewed results. Adjusting for anomalies sales grew 12.7% over the same period one year ago.

Strong sales from new car dealer, service station, construction material, and specialty store sectors made up much of the gain. Holiday retail sales, recent additions to restaurant sectors, and a 47% jump in the county's share of the countywide use tax allocation pool contributed to significant overall gains.

Missing/late payments in the year-ago period inflated service station results. Double-up payments in the comparison period exaggerated declines in the business services sector of Business & Industry.

During the same period the Sacramento region grew 11.4%.

## Top 25 Producers Listed Alphabetically

- Bel Air Mart
- Cameron Park Exxon
- Central Concrete Supply
- DST Innovis
- Dawson Oil
- El Dorado Dodge Lincoln Mercury
- El Dorado Hills Chevron
- Family Chevrolet Cad Oldsmobile
- Frontier Dental Labs
- 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
- Sierra at Tahoe
- Stay Safe
- Texaco
- Village Concepts
- Wal Mart

## Sales Tax Notes

### Christmas Quarter Up

California's current allocation of local sales tax was 11.3% higher than the previous year's Christmas quarter. Double up payments resulting from the state's failure to fully process prior quarter returns accounted for a portion of the increase making the actual gain closer to 6.5%.

Higher fuel prices, continued demand for building and construction materials, and a surprising rebound in new car sales all contributed to the statewide increase. The Sacramento and San Joaquin Valleys and Southern California's Inland Empire exhibited the highest overall gains.

### Amnesty Program Success

By the end of its deadline date of March 31, 2005, the state's amnesty program produced 5,960 returns totaling \$33.5 million in previously uncollected sales and use tax according to the State Board of Equalization.

Implemented by last year's SB 1100, the program provided taxpayers the opportunity to pay taxes and interest on pre-2003 obligations without penalties or criminal prosecution.

In addition to a variety of other temporary tax measures, the bill extended through July 1, 2006, the time period that any vehicle, vessel or aircraft purchased from out of state by a California resident must remain outside the state to exempt the purchase from use tax. The required time period is now 12 months rather than the previous minimum of 90 days.

### Buy More - It's Deductible!

Approximately five percent of California's taxpayers are deducting sales and use tax rather than state income tax credits from their federal returns under a new law that provides the option for 2004 and 2005.

*con't on back page*

## Top 20 Business Categories

Business Type	Outlets	4th Qtr '04	4th Qtr '03	Percent Change	Percent of Total		
					Unincorp	County	State
New Motor Vehicle Dealers	6	312,547	233,820	33.7%	14.4%	14.8%	12.0%
Service Stations	29	224,976	172,907	30.1%	10.4%	8.5%	6.7%
Discount Dept Stores	20	199,594	190,940	4.5%	9.2%	6.3%	7.0%
Contractors	139	122,331	98,785	23.8%	5.6%	4.7%	3.3%
Grocery Stores Liquor	14	121,739	128,403	-5.2%	5.6%	6.5%	2.7%
Specialty Stores	873	83,117	47,482	75.0%	3.8%	3.1%	3.6%
Business Services	151	79,244	129,803	-39.0%	3.6%	2.2%	1.6%
Lumber/Building Materials	29	75,781	62,141	22.0%	3.5%	2.9%	4.9%
Restaurants Beer And Wine	72	70,953	50,615	40.2%	3.3%	3.7%	2.2%
Fast Food	108	69,322	65,195	6.3%	3.2%	4.4%	4.2%
Grocery Stores Beer/Wine	28	62,285	57,265	8.8%	2.9%	2.6%	1.1%
Light Industrial/Printers	176	49,215	38,077	29.3%	2.3%	1.7%	3.8%
Hardware Stores	21	46,557	46,366	0.4%	2.1%	1.6%	0.6%
Drug Stores	7	46,347	44,432	4.3%	2.1%	2.1%	1.4%
Restaurants Liquor	35	46,157	24,028	92.1%	2.1%	2.6%	2.6%
Farm Products/Equipment	78	41,656	37,544	11.0%	1.9%	1.1%	0.6%
Automotive Supply Stores	91	40,835	41,097	-0.6%	1.9%	2.2%	1.1%
Auto Repair Shops	117	39,870	29,955	33.1%	1.8%	1.8%	1.0%
Used Automotive Dealers	30	39,326	32,085	22.6%	1.8%	1.7%	1.4%
Sporting Goods/Bike Stores	81	27,806	25,895	7.4%	1.3%	2.3%	0.8%
<b>Retail Stores</b>	<b>2,461</b>	<b>1,649,933</b>	<b>1,391,255</b>	<b>18.6%</b>	<b>76.0%</b>	<b>78.9%</b>	<b>76.9%</b>
Non-Store/Part Time Retailers	819	39,982	35,361	13.1%	1.8%	1.4%	0.6%
Business, Service & Repairs	741	213,321	230,496	-7.5%	9.8%	9.5%	7.5%
All Other Outlets (Industrial)	565	267,926	221,247	21.1%	12.3%	10.2%	15.0%
<b>Total All Accounts</b>	<b>4,586</b>	<b>2,171,162</b>	<b>1,878,359</b>	<b>15.6%</b>			
County & State Pool Allocation		452,432	312,586	44.7%			
<b>Gross Receipts</b>		<b>2,623,594</b>	<b>2,190,945</b>	<b>19.7%</b>			

con't from front page

Because of California's high income tax, the optional sales tax deduction was not expected to be of significant value in this state. However, the low income and elderly, persons whose state income taxes were significantly over-withheld or under-withheld in 2004, and those who spent significant amounts on cars, boats or home building materials are evidently finding the option useful in reducing their federal tax burden.

### Exemptions Proposed for Capital Investment

A new round of sales and use tax exemptions has been proposed to reduce the costs of acquiring equipment, materials and supplies used in manufacturing, telecommunications and electrical generation. The proposals could cut state sales tax revenues by as much as 8.5% depending on how the exemptions are ultimately defined. AB 80 (Houston), AB 1580 (Torrico) and SB 552 (Alquist/

Maldonado) would exempt such purchases from sales and use tax altogether, while AB 344 (Villines), AB 845 (Ridley-Thomas) and SB 631 (Dutton) would allow the tax to be deducted from income and corporate taxes. Initial proposals do not exempt the local portion of the tax.

### Fiscal Year To Date Revenue Comparison

	2003-04	2004-05
Point-of-Sale	5,499,382	6,148,507
County Pool	1,040,804	1,300,514
State Pool	12,203	7,849
Gross Receipts	6,552,389	7,456,869
Less Triple Flip*	0	(1,264,440)

\*Reimbursed from county compensation fund

