



# EL DORADO COUNTY SALES TAX

Second Quarter Receipts for First Quarter Sales (Jan. - Mar. 2005)

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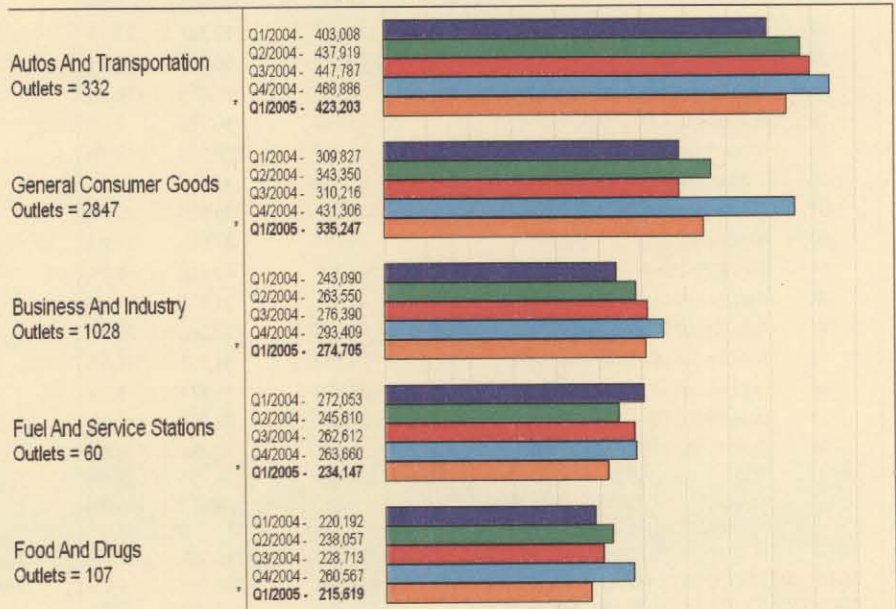
## In Brief

Receipts for the unincorporated area's first quarter sales were 4.4% higher than the same quarter one year ago.

Recent additions helped boost revenues from business services, service stations, family apparel and restaurants with liquor. Receipts from automotive supply stores, lumber/building materials and fast food stores were temporarily inflated by the double-up of previously late payments. The city experienced a strong sales quarter for discount department stores, used automotive dealers and sporting goods/bike stores. A business closeout reduced receipts from business services.

Gross receipts for all of El Dorado County increased 4.7% over the comparable time period while the Sacramento area as a whole, was up 4.8%.

## Sales Tax By Major Business Group



\* Current Quarter

## SALES TAX NOTES

### Intermingling of Stores and Web = Nexus

Borders Online must pay California sales tax according to a ruling by the 1<sup>st</sup> Circuit Court of Appeals.

Borders Online, which is a separate entity from Borders Inc., had argued that because it has no physical presence in California, it is exempt from sales tax per a 1992 Federal Supreme Court decision (Quill v. North Dakota) that said only retailers with an in-state nexus are required to collect that state's taxes.

However, the California court ruled that the operations of the two corporations are too interlinked for the web store to be considered as a separate, out-of-state retailer and that the California stores actually serve as an agent for Borders Online. They cited in-store advertising for the web site, receipts that said "visit us online at

www.borders.com" and the ability of web customers to return merchandise to the stores. They further noted that the companies have common officers and directors, share marketing and financial data and maintain a similar logo.

Amazon Inc., which contractually manages the web site for Borders, argues that its own operation is not impacted by the decision because they have no ownership interest in any of Border's entities and are not ultimately responsible for the tax. (Borders Online LLC vs. State Board of Equalization, Case No. A105486 (Cal. Cr. App. May 31, 2005).)

### Statewide Growth Trends

Cities and counties in California generated \$1,225,545,549 in local sales and use tax in the first quarter of 2005, exhibiting a state wide gain of 4.9% over the same quarter one year-ago.

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## Top 25 Producers Listed Alphabetically

- Bel Air Mart
- Cameron Park Exxon
- Central Concrete Supply
- Chevron U S A
- D S T Innovis
- Dawson Oil
- El Dorado Dodge Lincoln Mercury
- El Dorado Hills Chevron
- Family Chevrolet Cad Oldsmobile
- Frontier Dental Labs
- K Mart
- Kragen Auto Parts
- Lees Feed & Western Store
- Longs
- Meeks Building Center
- Mercedes Benz Of El Dorado Hills
- Nor Cal Readymix
- Nu Star Motors
- Raleys
- Safeway
- Shingle Springs Honda
- Shingle Springs Nissan Subaru
- Sierra At Tahoe
- Texaco
- Wal Mart

## Top 20 Business Categories

Code	Business Type Description (Count)	AGENCY			COUNTY		HdL STATE	
		1st Qtr '05	1st Qtr '04	Change	1st Qtr '05	Change	1st Qtr '05	Change
60	New Motor Vehicle Dealers (6)	261,077	257,847	1.3%	474,764	4.4%	138,109,920	0.9%
62	Service Stations (34)	199,405	234,353	-14.9%	307,765	-10.5%	77,159,743	-8.9%
09	Discount Dept Stores (22)	141,276	134,865	4.8%	167,799	5.0%	63,590,461	8.2%
34	Grocery Stores Liquor (15)	104,297	96,241	8.4%	218,962	10.3%	29,836,711	12.7%
82	Contractors (144)	94,961	88,921	6.8%	139,079	13.2%	35,379,554	10.3%
89	Business Services (164)	76,637	62,107	23.4%	80,432	22.0%	14,332,242	-1.4%
24	Fast Food (120)	72,743	56,256	29.3%	188,364	11.2%	51,416,344	7.3%
35	Restaurants Beer And Wine (88)	60,123	50,888	18.1%	121,010	14.0%	28,127,494	8.3%
19	Specialty Stores (953)	55,085	50,496	9.1%	88,793	8.3%	35,515,212	6.1%
33	Grocery Stores Beer/Wine (29)	55,004	66,120	-16.8%	90,343	1.6%	13,544,909	-2.2%
50	Lumber/Building Materials (30)	54,071	47,729	13.3%	77,748	4.4%	55,276,488	7.3%
61	Automotive Supply Stores (99)	47,991	39,806	20.6%	77,615	11.9%	15,403,887	22.7%
64	Used Automotive Dealers (30)	44,031	37,568	17.2%	74,370	5.5%	16,893,852	7.7%
51	Hardware Stores (22)	42,207	40,415	4.4%	50,982	-0.1%	6,572,520	2.9%
36	Restaurants Liquor (42)	41,962	34,527	21.5%	123,420	12.0%	31,683,098	8.6%
71	Auto Repair Shops (120)	41,253	33,542	23.0%	67,841	11.0%	12,283,709	5.6%
12	Sporting Goods/Bike Stores (83)	39,955	34,137	17.0%	67,198	-14.5%	9,139,430	10.1%
99	Light Industrial/Printers (183)	38,530	38,071	1.2%	54,554	24.1%	41,241,946	8.2%
27	Drug Stores (7)	37,396	35,643	4.9%	72,696	6.9%	14,785,522	13.0%
90	Farm Products/Equipment (82)	30,197	30,894	-2.3%	32,524	-0.2%	5,794,109	-2.1%
	Retail Stores (2663)	1,423,058	1,378,127	3.3%	2,653,121	3.8%	828,260,033	4.2%
	Non-Store/Part Time Retailers (828)	28,260	24,570	15.0%	38,465	13.8%	5,630,616	3.6%
	Business, Service & Repairs (782)	202,508	177,768	13.9%	387,627	4.8%	81,493,215	3.7%
	All Other Outlets-Industrial (594)	224,769	212,056	6.0%	333,678	15.4%	157,447,462	1.6%
<b>TOTAL ALL ACCOUNTS (4868)</b>		1,878,606	1,792,369	4.8%	3,412,903	5.1%	1,072,967,527	3.7%
<b>COUNTY &amp; STATE POOL ALLOCATION</b>		371,406	363,008	2.3%				
<b>GROSS RECEIPTS</b>		2,250,012	2,155,377	4.4%				

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Southern California's Inland Empire, the San Joaquin Valley and the suburban communities surrounding Sacramento continued to lead the state in sales tax growth.

Despite record rainfall, most regions benefitted from increased spending on general consumer goods and restaurants. Receipts from fuel and service stations increased 6.5% when adjusted for aberrations.

There was little growth in car sales except in the Sacramento and San Joaquin Valley regions while Building and Construction materials continued to reflect strong demand and prices.

Gains in business transactions were primarily limited to the Sacramento region, Southern California and the San Joaquin Valley, where sales of agricultural related goods and equipment were exceptionally strong. Although there were some bright spots in the high tech sector, overall receipts from business sales in the nine-county Bay area continued to lag.

Regional gains over last year's comparable quarter:

Bay Area	2.4%
Central Coast	2.2%
Far Northern Counties	6.5%
Sacramento Region	4.8%
San Joaquin Valley	9.1%
Sierra Foothills	5.2%
Southern California	5.4%

### Fiscal Year To Date Revenue Comparison

	2003-04	2004-05
Point-of-Sale	7,291,751	8,027,113
County Pool	1,400,641	1,668,721
State Pool	15,374	11,048
Gross Receipts	8,707,766	9,706,881
Less Triple Flip*	0	(1,826,943)

\*Reimbursed from county compensation fund

