

Q3 2011



El Dorado County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2011)

El Dorado County In Brief

Receipts for the unincorporated area's July through September sales were 7.4% higher than the same quarter one year ago.

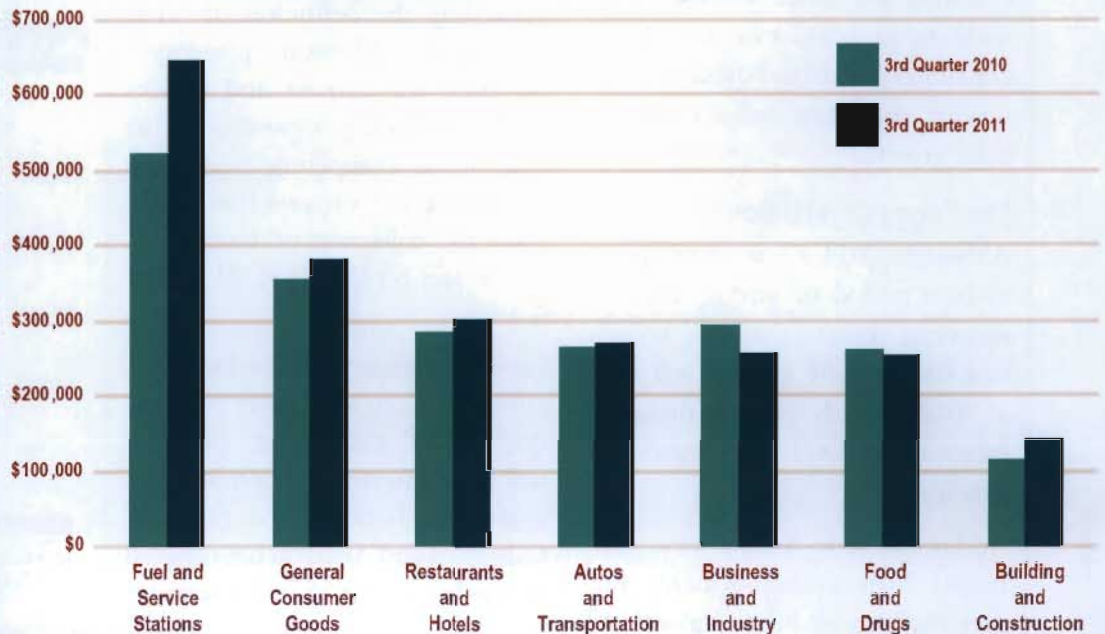
The increase from service stations was exaggerated by onetime accounting adjustments. Receipts that were incorrectly allocated inflated results from general consumer goods. Several new eateries and improved results from hotels, contractors and lumber/building material suppliers contributed to the gain.

The city's allocation from the county use tax pool improved overall results.

The increase was partially offset by onetime payments that temporarily inflated last year's allocation from some categories of business and industry.

Adjusted for aberrations, taxable sales for all of El Dorado County increased 8.2% over the comparable time period, while the Sacramento region as a whole was up 7.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Cameron Park Circle K 76	Meeks Building Center
Cameron Park Petroleum	Mercedes Benz of El Dorado Hills
Chevron	Quick Stop Market
Convenience Retail	Safeway
Crystal View Station	Safeway Gasoline
CVS Pharmacy	Shingle Springs Honda
Dawson Oil	Shingle Springs Nissan Subaru
DST Innovis	Tahoe Paradise Chevron
El Dorado Hills Chevron	Tahoeh Camp Richardson Resort
Georgetown Gas + Go	Target
K Mart	Tooley Oil
Lees Feed & Western Store	Wal Mart
McDonalds	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$4,192,085	\$4,365,405
County Pool	656,636	698,278
State Pool	3,100	644
Gross Receipts	\$4,851,821	\$5,064,328
Less Triple Flip*	\$(1,212,955)	\$(1,266,082)

*Reimbursed from county compensation fund

California Overall

Adjusted for accounting aberrations, statewide local sales and use tax revenues for July through September transactions increased 8.6% over last year's comparison quarter. This is the seventh consecutive quarterly gain since the beginning of the recovery.

All categories were up with receipts from higher fuel prices accounting for much of the statewide increase. Sales of new autos, consumer goods and quick and full service restaurants also exhibited solid growth.

The Foggy Crystal Ball

Although 2011-12 is shaping up to be a period of strong sales tax recovery, most analysts believe that the pace of growth will slow in 2012-13 with the only disagreement being over the degree of slowdown.

Additional state budget cuts, continued high unemployment, further declines in home values and unstable fuel prices are part of the uncertainty. The financial turmoil in Europe is also of concern.

Manufacturers, growers, distributors, transporters and other companies involved in export trade make up 25% of the state's gross product. The European crisis has the potential of slowing the demand for both U.S. and Asian goods which would also pare the growth of California's Asian markets. Comparative strengthening of the U.S. dollar would also make exports more expensive.

Analysts worry about the resulting impact on Silicon Valley's technology industries, the Central Valley's agricultural exports and Southern California's transportation sector.

Sales Tax and the Internet

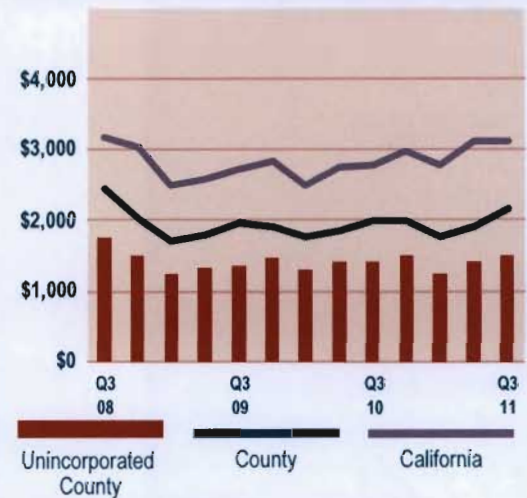
In 1992, the Supreme Court ruled that interstate commerce rules preclude states from requiring sellers without an in-state physical presence to collect local taxes. Since that time, attempts to interest Congress in correcting the problem have been unsuccessful.

With internet sellers becoming a major retail competitive force and more states adopting legislation expanding the definition of what constitutes "physical presence," the need for fairness and uniformity is softening opposition. This year, three competing bills were introduced in Congress that would allow the collection of local taxes. These are: S.1452, H.R. 3179 and S. 1832.

Given the general discord and paralysis in Congress, there is some question of whether any of these will pass. However, a compromise agreement between the State of California and Amazon has resulted in legislation (AB 155) that requires

in-state affiliates of remote sellers to begin collecting and remitting sales and use tax by September 15, 2012. Estimates on the amount of new revenues that will be generated have been difficult to develop but local agencies should not expect gains of more than \$1 per capita. More on the congressional legislation can be found in HdL's December issues paper.

SALES PER CAPITA



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q3 '11*	Change	Change	Change
Automotive Supply Stores	50.2	12.3%	19.8%	12.3%
Business Services	54.8	-9.8%	-11.7%	-4.7%
Clubs/Amusement Places	48.5	8.7%	6.1%	8.8%
Contractors	59.1	26.7%	29.5%	8.6%
Discount Dept Stores	— CONFIDENTIAL —		3.4%	3.1%
Drug Stores	44.5	6.7%	5.7%	6.2%
Grocery Stores Beer/Wine	51.0	2.0%	-3.3%	4.6%
Grocery Stores Liquor	135.3	-9.9%	-2.4%	10.8%
Lumber/Building Materials	39.6	8.4%	9.6%	4.1%
New Motor Vehicle Dealers	139.7	-5.5%	5.1%	12.2%
Restaurants Beer And Wine	50.8	-3.4%	4.8%	0.7%
Restaurants Liquor	89.7	4.2%	6.2%	10.9%
Restaurants No Alcohol	82.4	4.5%	10.9%	7.1%
Service Stations	611.2	24.6%	23.3%	20.5%
Specialty Stores	49.6	33.3%	33.1%	8.3%
Total All Accounts	\$2,251.4	7.1%	8.6%	9.4%
County & State Pool Allocation	362.0	9.4%		
Gross Receipts	\$2,613.3	7.4%		<i>*In thousands</i>