

# Q4 2016



# El Dorado County Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2016)

## El Dorado County In Brief

The unincorporated area's receipts from October through December were 7.2% above the fourth sales period in 2015. Excluding reporting aberrations, actual sales were up 3.6%.

Retroactive adjustments in auto supply stores inflated positive results in the autos and transportation group. The actual gain of 17.1% surpassed regional trends.

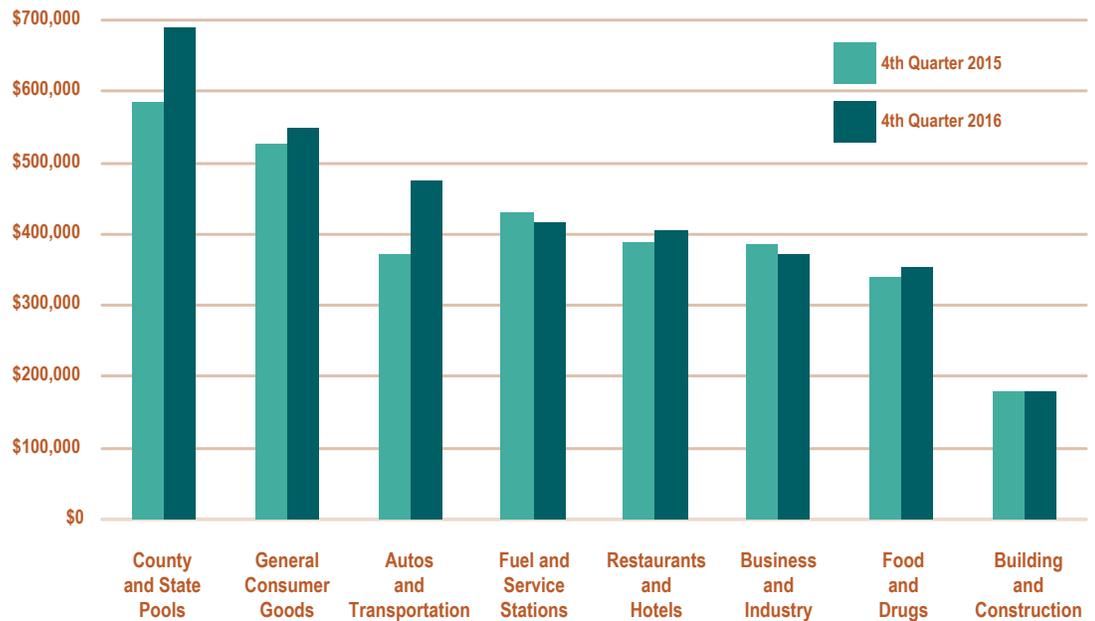
Revenues in general consumer goods were inflated by similar events. Nonetheless, holiday sales increased in specialty stores, family apparel and electronics.

The continued shift to online transactions and out of state purchases accounted for the double digit rise in the countywide use tax allocation pool. The County's share was a significant factor in higher gross receipts.

Lower fuel prices depressed results in fuel and service stations while business to business proceeds declined compared to unusually high returns a year ago.

Net of aberrations, taxable sales for all of El Dorado County grew 4.1% over the comparable time period while the six county Sacramento region as a whole, was up 3.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Cameron Park Petroleum	Meeks Building Center
Chevron	Mercedes Benz of El Dorado Hills
Circle K 76	My Goods Market
CVS	Quik Stop
Daimler Trust	Raleys
Dawson Oil	Red Hawk Casino
Dmaxstore Com	Safeway
DST Innovis	Shell
Golden State Flow Measurement	Shingle Springs Honda
Heavenly Valley Cal Base Lodge	Shingle Springs Nissan Subaru
Kmart	Target
Lees Feed & Western Store	TJ Maxx
	Walmart

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$7,630,122	\$7,926,445
County Pool	1,555,720	1,901,942
State Pool	9,092	5,020
Gross Receipts	\$9,194,934	\$9,833,407
Less Triple Flip*	\$(2,298,734)	\$0

\*Reimbursed from county compensation fund

## Statewide Results

Statewide sales tax receipts for the fourth quarter rose 1.5% over 2015, when excluding reporting aberrations.

The largest gain was in the county-wide use tax allocation pools due to the acceleration in online shopping where many of the orders are placed to, or shipped from, out-of-state fulfillment centers. Restaurant and auto sales closed the calendar year with strong results while receipts from general consumer goods were flat. Off-price apparel and dollar store gains offset declines in traditional department stores and warehouse retailers.

Business and industry receipts were down due to cutbacks in major energy projects; however, huge gains in warehouse fulfillment centers that fill in-state shipments from online orders somewhat negated the decline.

On an annual basis, the statewide gain ended 2.1% higher than calendar year 2015.

## The Shrinking, Disappearing Retail Store

Agencies dependent on traditional brick-and-mortar retail stores for a major portion of their sales tax will be facing new challenges in the coming year as merchants retrench and downsize to cope with a rapidly changing environment.

Generational preferences for experiences over merchandise, plus the growing costs of health care, education and housing, are reducing discretionary spending for taxable goods while time-challenged consumers are opting for the convenience of online shopping.

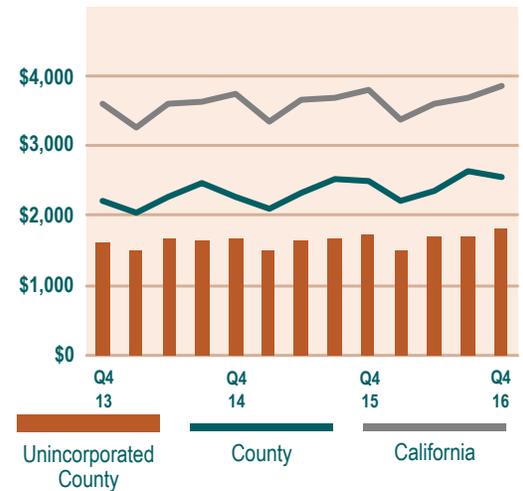
Online sales accounted for 13.0% of all general consumer goods purchased in 2016 with a 9.2% gain over calendar year 2015, while the growth in tax receipts from brick-and-mortar stores only grew 0.6%. The trend has been accelerated by the growing popularity of smart phones which Amazon estimates were used by nearly 70% of its shoppers during the most recent holiday quarter.

Retailers are responding by increasing their investment in mobile shopping platforms and delivery systems while pulling back investment on brick-and-mortar stores. Substantial closures are planned for 2017 while experiments with smaller stores, pick-up locations for online purchases, temporary “pop-up” shops and subleasing in-store space to others are on the rise.

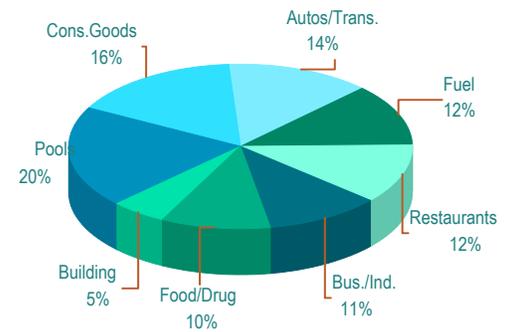
Mall operators are turning to grocers, fitness centers, medical services and residential components to fill vacant space and attract traffic. Smaller centers and downtown areas are responding by enhancing the shopping experience with more dining and entertainment options while local governments seek voter approval for higher levies to offset shrinking tax bases.

Stores are not in danger of disappearing. The ability to see, touch and feel, along with the overall shopping experience, will always be important. But evolving trends are requiring more focused economic strategies with better data and closer collaborations. The ultimate solution may be tax rates levied against today’s economy rather than the one that existed when sales tax was first imposed in 1933.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP El Dorado Co. Uninc This Quarter



## EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Unincorporated County Q4 '16*	Unincorporated County Change	County Change	HdL State Change
Auto Repair Shops	55.5	2.0%	1.4%	4.3%
Automotive Supply Stores	86.1	73.7%	31.1%	0.1%
Building Materials	78.3	6.5%	4.1%	0.8%
Business Services	79.8	-17.0%	-14.8%	11.9%
Casual Dining	214.7	1.0%	6.1%	3.6%
Contractors	66.0	-7.8%	-10.4%	-0.2%
Convenience Stores/Liquor	68.2	-6.7%	-1.9%	4.2%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.5%	-0.5%
Drug Stores	55.6	9.7%	17.5%	10.2%
Grocery Stores	199.0	1.4%	2.3%	4.1%
Light Industrial/Printers	66.8	0.5%	6.2%	1.6%
New Motor Vehicle Dealers	255.3	14.2%	11.4%	5.6%
Quick-Service Restaurants	94.7	11.8%	5.7%	5.5%
Service Stations	374.4	-5.8%	-5.0%	-0.8%
Specialty Stores	64.0	16.4%	13.4%	3.4%
<b>Total All Accounts</b>	<b>2,746.4</b>	<b>4.8%</b>	<b>3.2%</b>	<b>2.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>687.7</b>	<b>17.8%</b>	<b>16.0%</b>	<b>6.9%</b>
<b>Gross Receipts</b>	<b>3,434.1</b>	<b>7.2%</b>	<b>5.5%</b>	<b>3.0%</b>