

Q1 2020



City of Placerville Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2020)

Placerville In Brief

Placerville's receipts from January through March were 8.6% below the first sales period in 2019; much of this decline was caused by businesses were permitted an extra 90-days to file tax returns under the Governor's recent Executive Order. Excluding reporting aberrations, actual sales were up 5.4%.

County officials declared a shelter-in-place in mid-March; numerous businesses temporarily closed. Casual dining and general consumer goods posted large tax reductions. Service stations declines were two-fold, fewer drivers on the road and plummeting fuel prices.

Despite the closures, auto/transportation and business/industry groups were both able to post small gains. The City's allocation from the countywide pool grew 36.7% creating the overall positive outcome for the quarter. The growth in the pool can be attributed to new revenue from the Wayfair decision and increase in online shopping.

Voter approved Measures J, H & L generated \$947,228, also suffering from the reductions in restaurants and service stations.

Net of aberrations, taxable sales for all of El Dorado County declined 2.1% over the comparable time period; the Sacramento region was down 1.2%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Big 5 Sporting Goods	Rancho Convenience Center
Big Lots	Rite Aid
Bricks Restaurant	Save Mart
C & H Motor Parts	Sierra Fuel
Diamond Pacific	Thompsons Buick Gmc
Ferguson Enterprises	Thompsons Chrysler Dodge Jeep Ram
Grocery Outlet	Thompson's Toyota
Home Depot	Tractor Supply
In N Out Burger	Verizon Wireless
Les Schwab Tire Center	W N Hunt & Sons Distributors
Officemax	Western Refining Retail
Placerville Shell	
Placerville Valero	
Raley's	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2018-19	2019-20
Point-of-Sale	\$3,356,671	\$3,146,700
County Pool	773,201	972,101
State Pool	1,882	1,972
Gross Receipts	\$4,131,754	\$4,120,773
Measure J	\$890,114	\$834,776
Measure H	\$889,625	\$834,221
Measure L	\$1,774,721	\$1,675,032

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Statewide Results

With stay at home/non-essential business restrictions in place during the last two weeks of the quarter, local one cent tax revenues for the state overall, were 18.8% lower than January to March of 2019. Taxpayer relief programs accounted for much of the decline with receipts down roughly 3.1% after factoring for payment deferrals and other accounting anomalies.

Severe drops in auto sales, general consumer goods, service stations and restaurants were largely offset by new revenue from implementation of the Wayfair v. South Dakota decision that now requires out-of-state retailers to collect and remit Californian's sales and use tax. Other offsets included a surge in online shopping that boosted receipts from the county use tax allocation pools and from online retailers who maintain and ship their inventory from within California.

The food/drug sector also showed strong gains as did many home supply, dollar and discount stores that remained open during the shutdown.

New Challenges & Opportunities

Current indicators suggest that overall tax receipts for the April thru June sales period will bottom out at 27% below the second quarter of 2019. The speed of the rebound in sales activity will be dependent on the availability of adequate testing, treatment therapies and ultimately a vaccine. Until then, physical distancing, COVID-19 protocols and supply chain disruptions will create limitations on some operating capacities and the return to work of all employees. Health fears, discounts and liquidation sales may also keep sales tax revenues below pre-pandemic levels until solutions are in place.

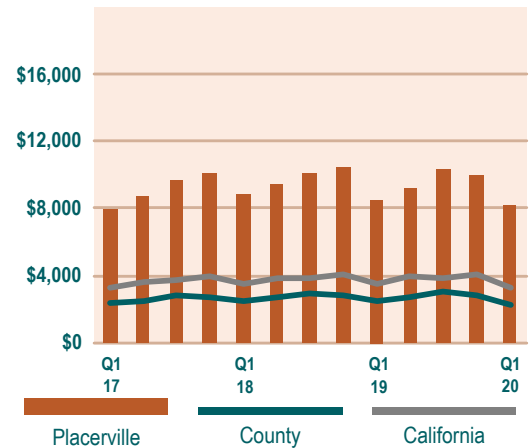
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

Over expansion, excessive debt and consumer shifts to online shopping were already resulting in bankruptcies with estimates of up to 25,000 brick-and-mortar store closings by the end of 2020. "Touch and feel" shopping is not going away but retailers see an evolution where in-store shopping is more leisure/recreational oriented with smaller stores offering more show-rooming and delivery/pick-up services. The smaller footprints and lifestyle emphasis offer opportunities to reinstate downtowns and neighborhood centers as economic/social gathering places.

The Pandemic's capture of new online customers and the growing trend of manufacturers and entrepreneurs with new concepts to bypass physical stores and sell directly to the consumer also expands options for agencies without large market populations to generate sales tax through industrial development.

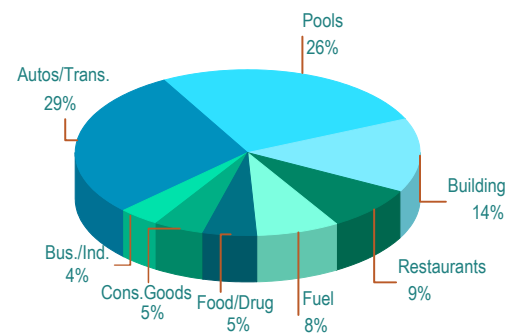
Finally, the Pandemic's disruption of supply chains has also accelerated growing dissatisfaction with overseas arrangements and some reshoring will occur which offers opportunities to leverage a city's existing business base to attract compatible support industries.

SALES PER CAPITA *



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Placerville This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

PLACERVILLE TOP 15 BUSINESS TYPES**

Business Type	Placerville		County	HdL State
	Q1 '20	Change	Change	Change
Auto Repair Shops	12,074	-3.9%	-1.0%	-7.5%
Automotive Supply Stores	42,330	20.7%	-2.9%	-9.5%
Building Materials	— CONFIDENTIAL —	—	3.0%	3.0%
Casual Dining	62,602	-15.2%	-25.4%	-18.8%
Convenience Stores/Liquor	9,477	-1.1%	-3.1%	-4.4%
Drug Stores	— CONFIDENTIAL —	—	1.5%	3.4%
Electronics/Appliance Stores	— CONFIDENTIAL —	—	-37.3%	-18.0%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	5.5%	12.0%
Grocery Stores	37,323	8.7%	10.3%	11.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-2.6%	-10.6%
Petroleum Prod/Equipment	21,783	-3.0%	-3.4%	-9.6%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	18.6%	1.5%
Quick-Service Restaurants	39,421	-13.2%	-17.8%	-8.5%
Service Stations	70,792	-5.9%	-8.7%	-9.5%
Variety Stores	— CONFIDENTIAL —	—	-6.3%	0.9%
Total All Accounts	902,533	-2.6%	-8.0%	-7.3%
County & State Pool Allocation	324,083	36.7%	22.8%	22.4%
Gross Receipts	1,226,616	5.4%	-2.1%	-3.0%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.