

# Q4 2019



# City of Placerville Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2019)

## Placerville In Brief

Placerville's receipts from October through December were 11.3% above the fourth sales period in 2018. Excluding reporting aberrations, actual sales were up 7.1%.

The full implementation of AB 147 (Wayfair- Marketplace Facilitators) boosted the City's allocation from the countywide use tax pool by 46.2%. This good news mitigated some of the declines from point of sale for the quarter and created the overall positive results for the quarter.

Confidentiality rules limit what details can be included regarding the quarterly results. Several categories saw slowing sales possibly a result of the Public Safety Power Shutoffs that were occurring during this quarter

Slowing sales, a store closure and reporting anomalies caused the 18% decline in general consumer goods while building-construction gains of 1.1 were right in line with the countywide rate.

The voter approved district taxes, Measures H, J and L, generated a combined total of \$1,242,625; also boosted by new revenues generated as a result of AB 147.

Net of aberrations, taxable sales for all of El Dorado County grew 6.6% over the comparable time period; the Sacramento region was up 3.8%.

## 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
C & H Motor Parts	Save Mart
Diamond Pacific	Sierra Fuel
Ferguson Enterprises	Sierra Nevada Tire & Wheel
Grocery Outlet	Thompsons Buick Gmc
Home Depot	Thompsons Chrysler Dodge Jeep Ram
In N Out Burger	Thompson's Toyota
Les Schwab Tire Center	Tractor Supply
McDonalds	Verizon Wireless
Placerville Shell	W N Hunt & Sons Distributors
Placerville Valero	Western Refining Retail
Raley's	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date (Q3 to Q4)

	2018-19	2019-20
Point-of-Sale	\$2,331,461	\$2,263,425
County Pool	510,538	678,983
State Pool	1,248	1,118
<b>Gross Receipts</b>	<b>\$2,843,248</b>	<b>\$2,943,526</b>
Measure J	\$630,565	\$608,574
Measure H	\$630,317	\$608,290
Measure L	\$1,256,451	\$1,222,937

**California Overall**

Statewide sales and use tax receipts from 2019's fourth quarter were 4.2% higher than last year's holiday quarter after factoring for accounting anomalies.

The increase came from the acceleration in online shopping which generated huge gains in the countywide use tax pools for merchandise shipped from out-of-state and from California based fulfillment warehouses in those cases where the warehouse is also point-of-sale. This segment was further boosted by the first full quarter of California's implementation of the Wayfair vs South Dakota ruling that requires out-of-state retailers to collect and remit sales tax on merchandise sold to California customers. The ruling has led to an increase in sales tax receipts of roughly \$2.95 per capita while also producing double digit gains for in-state online fulfillment centers.

In contrast, soft sales and closeouts resulted in a decline in almost every category of brick-and-mortar spending during the holiday season while new cannabis retailers helped boost what would have been a soft quarter for the food-drug group. Most other sales categories including new cars and business-industrial purchases were also down. Restaurant group gains were modest compared to previous quarters.

Overall, the rise in county pool receipts offset what would have been otherwise, a flat or depressed quarter for most jurisdictions.

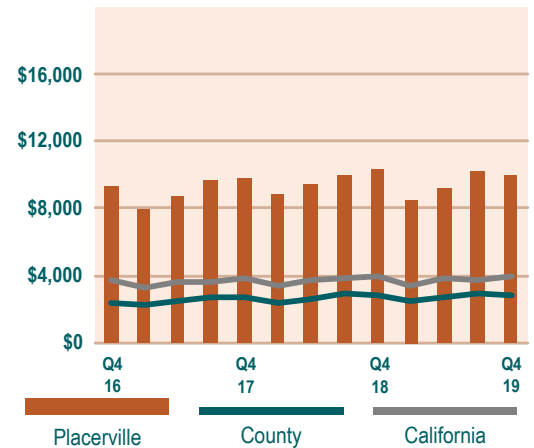
**Covid-19**

The coronavirus impact will first be seen in next quarter's data reflecting January through March sales. Based on recovery rates being reported in some Asian countries, the virus's disruption of supply chains will be deepest in the first and second quarter and largely resolved by mid-summer. However, recovery from social distancing and home confinements could take longer

with the deepest tax declines expected in the restaurant/hospitality, travel/transportation and brick-and-mortar retail segments. Layoffs and furloughs are also expected to reduce purchases of new cars and other high cost durable goods. The losses from the state's high-tech innovation industries may be more modest while the food-drug and online retail groups could exhibit increases.

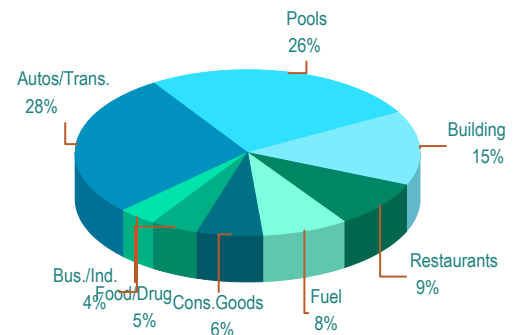
Assuming that the virus is largest contained by the end of September, HdL's economic scenario projects that tax declines will bottom out in the first quarter of 2021 but with only moderate gains for several quarters after. Data from previous downturns suggests that the return to previous spending is not immediate and often evolves. Businesses emerge with ways to operate with fewer employees and more moderate capital investment. Consumers take time to fully get back to previous levels of leisure travel, dining and spending and may permanently transfer to newly discovered services, activities and/or online retail options.

**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	*In thousands of dollars			
	Placerville Q4 '19*	Placerville Change	County Change	HdL State Change
Auto Repair Shops	12.3	-5.1%	-6.1%	-1.0%
Automotive Supply Stores	48.6	11.9%	11.8%	0.6%
Building Materials	— CONFIDENTIAL —	—	2.8%	1.4%
Casual Dining	81.9	-1.5%	-3.1%	3.8%
Drug Stores	— CONFIDENTIAL —	—	0.1%	-0.7%
Electronics/Appliance Stores	— CONFIDENTIAL —	—	-16.8%	-6.6%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	6.8%	-0.4%
Grocery Stores	43.5	0.2%	-11.1%	1.3%
Home Furnishings	14.2	3.8%	-34.7%	-2.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-6.4%	-3.4%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	15.0%	-1.3%
Quick-Service Restaurants	45.9	-4.4%	-0.7%	1.9%
Service Stations	84.5	-1.1%	14.2%	0.2%
Sporting Goods/Bike Stores	12.4	-6.6%	-1.3%	-3.0%
Variety Stores	— CONFIDENTIAL —	—	-10.2%	0.5%
<b>Total All Accounts</b>	<b>1,094.2</b>	<b>-2.1%</b>	<b>-1.3%</b>	<b>0.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>387.9</b>	<b>46.2%</b>	<b>38.8%</b>	<b>26.7%</b>
<b>Gross Receipts</b>	<b>1,482.2</b>	<b>7.1%</b>	<b>6.6%</b>	<b>4.2%</b>

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