

Q3 2019



South Lake Tahoe Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

South Lake Tahoe In Brief

South Lake Tahoe's receipts from July through September were 2.4% below the third sales period in 2018. This comparison is skewed due to the CDTFA's transition to a new reporting system in the prior year when additional payments were received by the City. Excluding reporting aberrations, actual sales were up 6.0%.

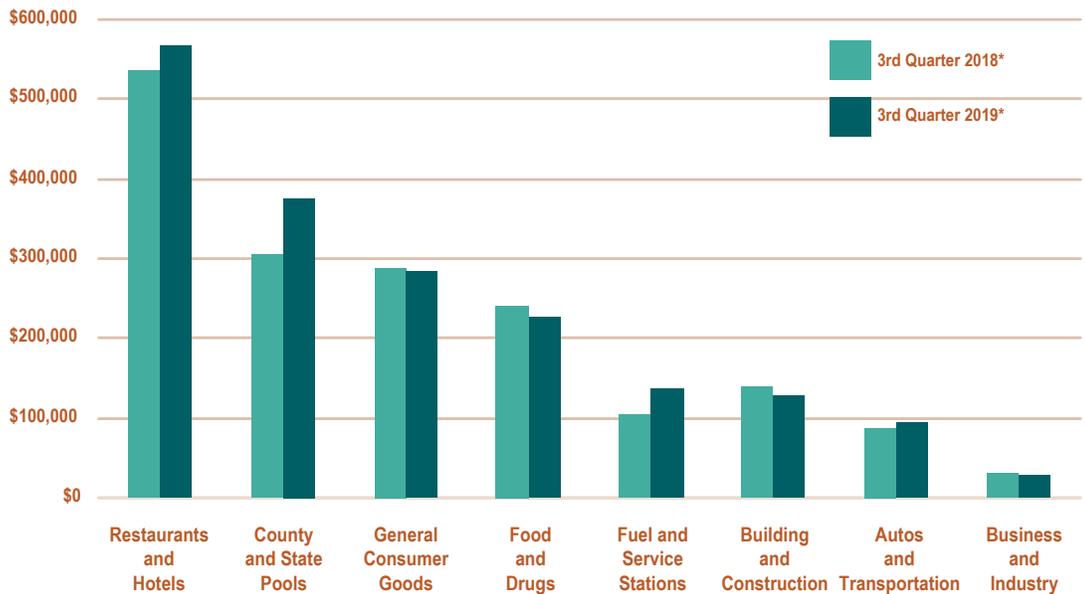
Service stations and grocery stores are impacted by a change in taxpayer reporting dating back to 1q19; overall returns for the two groups netted a 5% increase. Autos-transportation, hotels and family apparel enjoyed a brisk sales quarter.

Expected openings of new eateries boosted the fast casual dining tax base. First time returns by out-of-state retailers generated new revenues under the Wayfair decision, when combined with the rise in on-line buying behavior, 23% growth occurred in countywide pool allocations.

Voter approved Measure Q produced \$922,637 absent payment and other account irregularities.

Net of aberrations, taxable sales for all of El Dorado County grew 5.1% over the comparable time period; the Sacramento region was up 4.5%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Aisle 1	McDonalds
Azul Latin Kitchen	McP's Pub Tahoe
Base Camp Pizza Co	Meeks Building Center
California Burger	Raley's
CVS Pharmacy	Riva Grill on the Lake
Do it Yourself Home Center	Ross
Grocery Outlet	Safeway
Heavenly Sports	Safeway Fuel
Izzys Burger Spa	Sports Ltd
Jim Bagan Toyota	Tahoe Wellness
KB Chevron	TJ Maxx
Kmart	Up Shirt Creek
Landing Tahoe Resort & Spa	

REVENUE COMPARISON

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

	2017-18	2018-19
Point-of-Sale	\$4,342,613	\$4,697,739
County Pool	1,064,305	1,127,856
State Pool	2,417	2,337
Gross Receipts	\$5,409,335	\$5,827,932
Measure Q	\$2,856,065	\$3,056,965

Statewide Results

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

Additional Tax Districts Approved

Voters approved eight of the nine sales

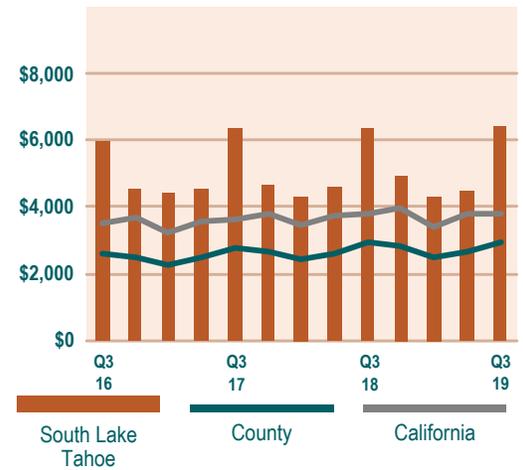
tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

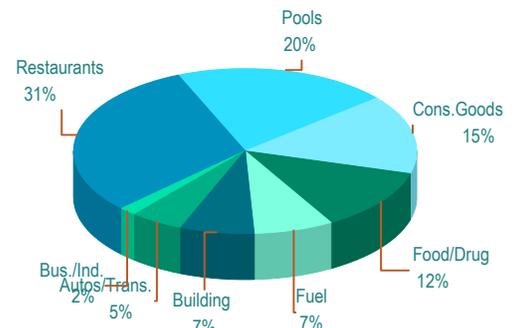
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP South Lake Tahoe This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

SOUTH LAKE TAHOE TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	South Lake Tahoe Q3 '19*	Change	County Change	HdL State Change
Building Materials	55.2	-7.3%	-6.9%	0.1%
Casual Dining	375.9	4.5%	3.1%	2.3%
Contractors	49.7	-12.7%	-9.2%	2.6%
Convenience Stores/Liquor	41.4	0.4%	-6.8%	1.0%
Drug Stores	— CONFIDENTIAL —	—	1.4%	-1.2%
Family Apparel	98.9	11.8%	8.2%	1.5%
Fast-Casual Restaurants	27.8	24.5%	11.9%	5.1%
Fine Dining	— CONFIDENTIAL —	—	11.4%	-3.1%
Grocery Stores	127.5	-22.6%	-6.8%	1.7%
Hotels-Liquor	42.6	15.5%	11.5%	1.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	1.5%	-7.2%
Quick-Service Restaurants	67.1	-5.5%	-1.8%	2.6%
Service Stations	131.9	31.2%	12.1%	-1.5%
Specialty Stores	26.4	1.4%	1.0%	0.3%
Sporting Goods/Bike Stores	63.6	-11.0%	-8.5%	-1.3%
Total All Accounts	1,463.6	2.4%	2.0%	0.2%
County & State Pool Allocation	374.8	23.1%	18.7%	14.9%
Gross Receipts	1,838.4	6.0%	5.1%	2.3%

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