

# Q2 2019



# South Lake Tahoe Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

## South Lake Tahoe In Brief

South Lake Tahoe's sales activity from April through June was up 1.5% above the second sales period in 2018. After adding in the allocation from the countywide use tax pool, period receipts were up 4.4%. Total cash collections were 25.2% higher than at this time last year when payment delays were created by the CDTF's transition to a new sales tax filing system.

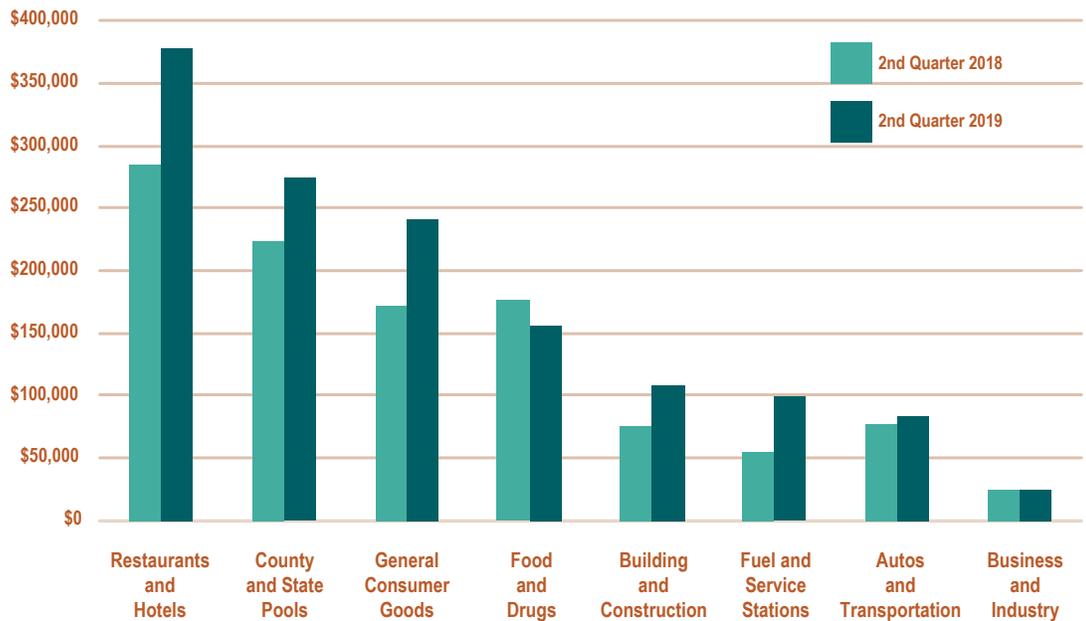
Spring time tourism boosted general consumer good sales but barely registered in terms of restaurant traffic. Construction activity grew along with the City's allocation from the countywide use tax pool. The pool size grew as it recovered missing payments. The City can expect smaller allocations once the State begins to correct for prior overpayments posted to the pool as taxpayers learned the new reporting system.

A change in how certain transactions are reported triggered the shift in totals for the food/drug and fuel groups. The business and industry group's results reflect another reporting change by a taxpayer who is now sending more tax to the countywide pool.

Measure Q contributed \$697,626 of transaction tax revenue, beyond the amounts listed above.

Net of adjustments, taxable receipts for all of El Dorado County grew 6.1% over the comparable time period while those of the entire Sacramento region were up 4.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Aisle 1	Raley's
Azul Latin Kitchen	Reno Tahoe Rustic Decor
Base Camp Pizza	Riva Grill on the Lake
Blue Zone Sports	Ross
California Burger	Safeway
CVS Pharmacy	Safeway Fuel
Do it Yourself Home Center	Sonneys Bbq Shack
Grocery Outlet	Sports Ltd
Heavenly Sports	Tahoe Wellness
Izzys Burger Spa	TJ Maxx
Jim Bagan Toyota	Up Shirt Creek
McDonalds	Western Nevada Supply
Meeks Building Center	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q4 to Q2)

	2017-18	2018-19
Point-of-Sale	\$2,776,346	\$3,187,001
County Pool	702,980	756,559
State Pool	1,546	1,693
<b>Gross Receipts</b>	<b>\$3,480,872</b>	<b>\$3,945,253</b>
Measure Q	\$1,854,766	\$2,094,679

**California Overall**

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter of 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

**Marketplace Facilitator Act**

Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

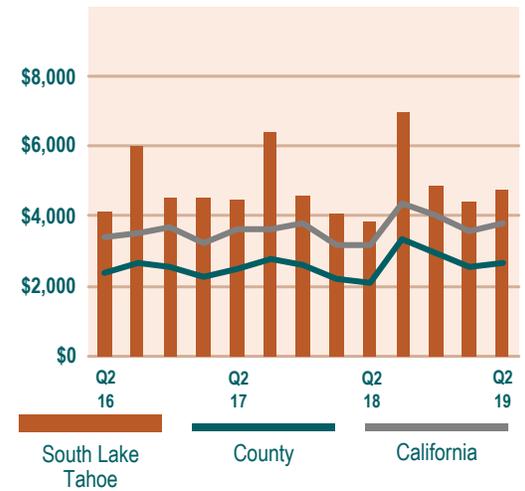
turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

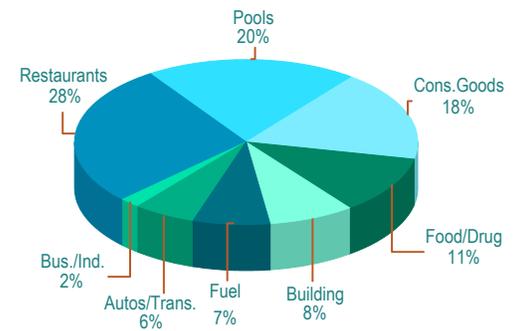
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
South Lake Tahoe This Quarter



**SOUTH LAKE TAHOE TOP 15 BUSINESS TYPES**

Business Type	<i>*In thousands of dollars</i>			
	South Lake Tahoe	County	HdL State	
	Q2 '19*	Change	Change	Change
Auto Repair Shops	17.8	114.7%	30.7%	21.6%
Automotive Supply Stores	18.3	2.4%	22.3%	16.4%
Building Materials	49.3	4.0%	71.9%	34.1%
Casual Dining	274.4	41.4%	30.7%	24.5%
Contractors	36.8	407.0%	74.7%	26.8%
Convenience Stores/Liquor	29.6	-16.6%	0.9%	14.9%
Drug Stores	—	CONFIDENTIAL	2.4%	-0.3%
Family Apparel	68.2	49.3%	54.2%	45.3%
Grocery Stores	87.8	-24.6%	-5.8%	9.6%
Home Furnishings	19.6	413.3%	125.9%	15.8%
New Motor Vehicle Dealers	—	CONFIDENTIAL	4.8%	5.4%
Quick-Service Restaurants	50.9	12.8%	21.2%	15.9%
Service Stations	95.9	78.6%	64.1%	51.4%
Specialty Stores	21.8	22.1%	-11.2%	-8.5%
Sporting Goods/Bike Stores	63.9	22.1%	28.0%	29.7%
<b>Total All Accounts</b>	<b>1,090.0</b>	<b>25.7%</b>	<b>27.9%</b>	<b>20.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>274.7</b>	<b>23.1%</b>	<b>25.3%</b>	<b>22.4%</b>
<b>Gross Receipts</b>	<b>1,364.8</b>	<b>25.2%</b>	<b>27.4%</b>	<b>20.4%</b>