

Q1 2019



South Lake Tahoe Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

South Lake Tahoe In Brief

South Lake Tahoe's receipts from January through March were 9.3% above the first sales period in 2018. Excluding reporting aberrations, actual sales were up 2.7%.

Casual dining restaurants benefited from the addition of a new business and higher receipts from one-time activity. Receipts from sporting goods were up; however, the increase was inflated by missing payments in the comparison quarter. Fuel and service stations had a solid quarter; the group posted gains due to new outlets in this category.

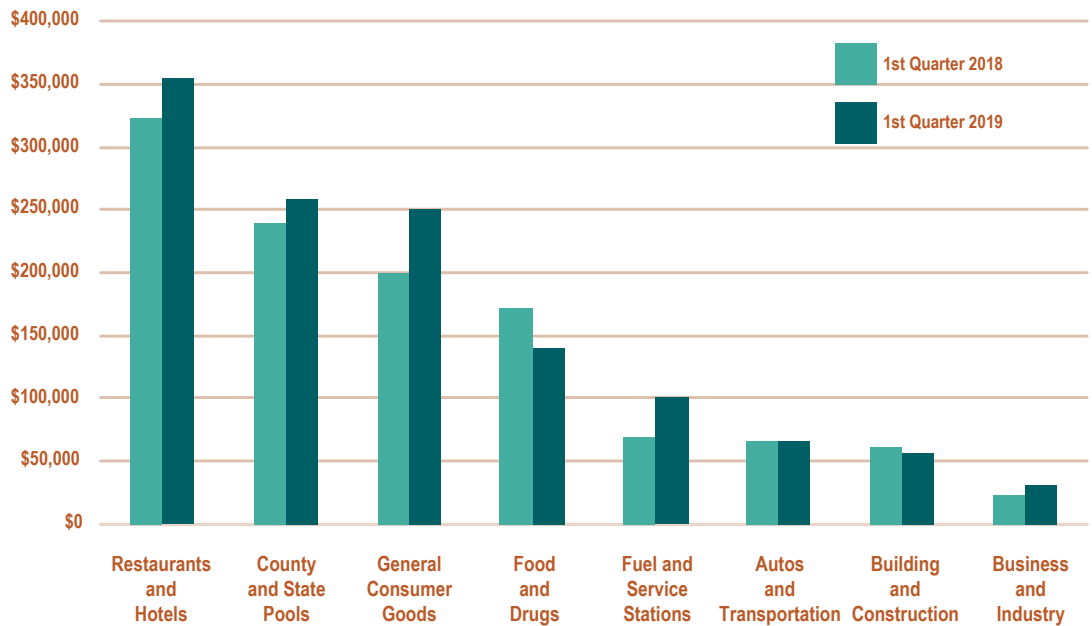
Grocery stores declined due to the closures of businesses in this category. Payment anomalies hid the decline in general consumer goods.

A large misallocation inflated results in El Dorado countywide pool. The city's pool allocation increased by 7.9% due to the reporting irregularities.

The voter approved Measure Q generated \$647,821 of sales tax revenue, also inflated by double payments.

Net of aberrations, taxable sales for all of El Dorado County grew 6.1% over the comparable time period; the Sacramento region was up 4.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Aisle 1	McDonalds
Azul Latin Kitchen	McP's Pub Tahoe
Base Camp Pizza Co	Meeks Building Center
Brewery At Lake Tahoe	Powder House
California Burger	Raley's
CVS Pharmacy	Riva Grill on the Lake
Fire Ice Grill & Bar	Ross
Grocery Outlet	Safeway
Heavenly Sports	Safeway Fuel
Jim Bagan Toyota	Sports Ltd
KB Chevron	TJ Maxx
Kmart	Up Shirt Creek
Lake Tahoe Shell	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date (Q4 to Q1)

	2017-18	2018-19
Point-of-Sale	\$1,909,271	\$2,096,959
County Pool	480,171	482,336
State Pool	1,189	1,181
Gross Receipts	\$2,390,631	\$2,580,475
Measure Q	\$1,276,929	\$1,388,423

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

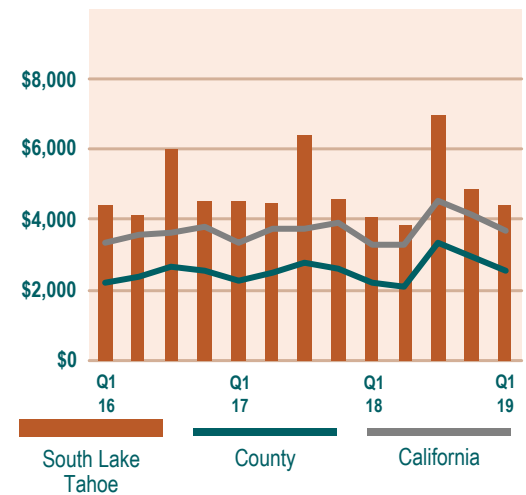
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

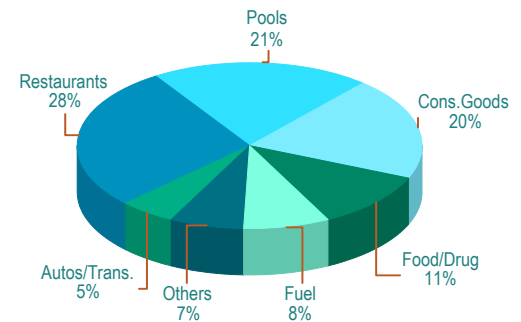
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

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 Q1 '19*	Change	County Change	HdL State Change
Auto Repair Shops	14.7	12.0%	-2.9%	12.5%
Automotive Supply Stores	23.1	27.9%	20.5%	8.8%
Building Materials	29.7	1.3%	41.8%	4.0%
Casual Dining	257.6	13.4%	11.7%	13.3%
Convenience Stores/Liquor	22.0	-28.1%	-12.3%	16.6%
Discount Dept Stores	— CONFIDENTIAL —		18.0%	2.8%
Drug Stores	— CONFIDENTIAL —		19.3%	37.8%
Family Apparel	56.0	-0.8%	1.4%	7.1%
Grocery Stores	89.6	-19.0%	-3.4%	25.7%
Hotels-Liquor	18.4	9.9%	6.6%	2.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-7.8%	-1.9%
Quick-Service Restaurants	45.6	8.4%	-0.5%	10.0%
Service Stations	98.0	48.8%	29.1%	15.7%
Specialty Stores	19.2	24.0%	9.7%	23.5%
Sporting Goods/Bike Stores	107.7	40.2%	24.6%	2.7%
Total All Accounts	1,004.9	9.7%	17.0%	13.5%
County & State Pool Allocation	258.1	7.9%	15.1%	23.8%
Gross Receipts	1,262.9	9.3%	16.6%	14.9%