



County of El Dorado

OFFICE OF AUDITOR-CONTROLLER

360 FAIR LANE
PLACERVILLE, CALIFORNIA 95667-4193
Phone: (530) 621-5487 Fax: (530) 295-2535

JOE HARN, CPA
Auditor-Controller

BOB TOSCANO
Assistant Auditor-Controller

April 28, 2023

John Davey, Chair
El Dorado Hills Area Planning Advisory Committee
1021 Harvard Way
El Dorado Hills, California 95762

Subject: Sales Tax Generation Correction-Project Frontier

Mr. Davey:

The purpose of this letter is to update my letter dated March 14, 2023.

In my March 14, 2023 letter I stated my then belief that there was “a high likelihood that the sales tax generated by... Project Frontier” would have a dramatic positive effect on the County’s ability to provide services to the public.

As I continue to dig into Project Frontier, I am not very confident in the statement that I made back in March. My March letter was based on my understanding that a significant portion of the shipments out of Project Frontier would be to homes. Apparently, I was way off. In a communication to the EDH Chamber on April 25th, Gene Endicott stated that “there will be no deliveries directly to homes” from Project Frontier. My knowledge of California’s sales tax apportionment rules indicates that the sales tax will go to the jurisdiction where fulfillment center is located and the goods are shipped directly to the final customer. Mr. Endicott indicates that Project Frontier is not a fulfillment center. There appears to be a fairly likely scenario where the County in fact will NOT receive any ongoing sales tax revenue from Project Frontier.

I apologize for my March letter. It is difficult to opine on future sales tax revenues when there is uncertainty who the actual end user is and when you cannot communicate directly to the actual end user.

Attached you will find some information from the County’s sales tax consultant and what I believe to be the relevant section of the California Department of Tax and Fee Administration regulations.

Sincerely,

A handwritten signature in blue ink that reads "Joe Harn".

Joe Harn, CPA
Auditor-Controller