

Q4  
2008



# Big Bear Lake Sales Tax *Update*

*First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2008)*

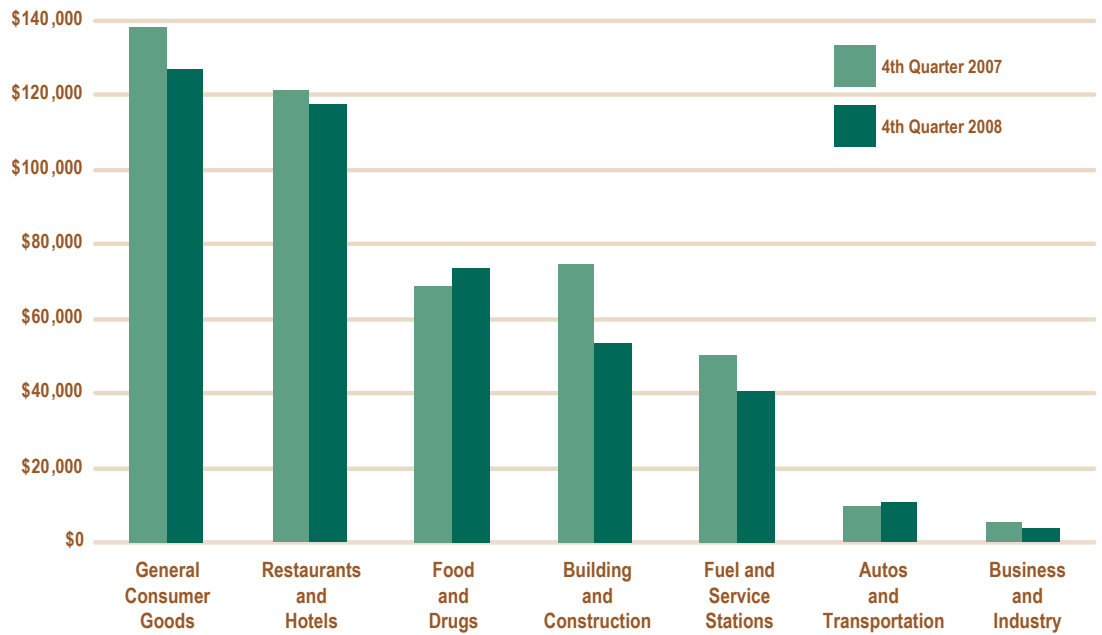
## Big Bear Lake In Brief

Receipts for Big Bear Lake's fourth quarter sales were 7.4% lower than the same quarter one year ago. Comparatively, receipts for all of San Bernardino County declined 15.5% while the Southern California area, as a whole, was down 11.9%.

The city experienced a decline in sales from the building & construction sector. Reporting problems reduced receipts from specialty stores. Lower fuel prices and a double-up payment that inflated year-ago returns depressed revenues from fuel & service stations.

The losses were partially offset by recent additions that helped boost revenues from home furnishings and the food & drugs group. The double-up of a previously late payment increased receipts from sporting goods/bike stores.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Le Roys Shoe Clothing
Big Arco AM PM	McDonalds
Blauer Ski Rentals	Napa Auto Parts
Butchers Block & Bldg Materials	Radio Shack
Carls Jr	Riffenburgh Lumber
CVS Pharmacy	Rite Aid
El Jacalito	Robertsons Ready Mix
Geiger Supply	Snow Summit
Haus & Home Furnishings	Sonora Cantina
Interiors	Stater Bros
K Mart	USA Station
Le Roy Ski Rentals	Vons
	Walgreens

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2007-08	2008-09
<b>Point-of-Sale</b>	\$1,335,380	\$1,261,449
<b>County Pool</b>	109,638	130,913
<b>State Pool</b>	578	558
<b>Gross Receipts</b>	<b>\$1,445,596</b>	<b>\$1,392,920</b>
<b>Less Triple Flip*</b>	<b>\$(361,399)</b>	<b>\$(348,230)</b>

\*Reimbursed from county compensation fund

### Statewide Sales Sink!

Adjusted for accounting aberrations, point of sale receipts from October through December sales were 13.1% lower than the same quarter of 2007. The revenues generated in this holiday quarter were the lowest since 2003.

The declines occurred in all categories of sales except fast food restaurants and grocery stores and were experienced in all counties and regions. Of particular significance were the 23% decline in receipts from petroleum related businesses which resulted from declining prices and consumption, a 37% drop in revenues from new car sales, and a 14.6% decrease in sales tax allocations from building and construction materials.

Tax revenues from general consumer goods were down 10.4% from the 2007 holiday quarter while business to business sales were 9.0% lower.

This was the sixth consecutive quarter of lower statewide allocations. Trade association surveys indicate that January through March sales will be equally dismal. The latest HdL consensus forecast estimates that fiscal 2008/2009 sales and use tax revenues will be 8.8% below the prior year.

Most economists believe that the recession will not bottom out until late 2009 and significant recovery will not occur before 2011/2012.

### New Sales Tax Rate

Article 13A of the state constitution authorizes the state legislature to increase taxes other than property by a two thirds vote. This allowed the 2008/2009 state budget compromise which temporarily increases the state portion of the sales and use tax rate by 1.0% from April 1, 2009 to July 1, 2011. The increase will be extended for one additional year if voters approve Proposition 1A, the state spending cap measure on the May ballot.

This brings California's top combined sales, transactions and use tax rate to

10.25%, except in Los Angeles County, where on July 1, 2009 the maximum possible rate becomes 10.75% as an additional one-half cent tax passed by that county's voters in November takes effect. Only two agencies in California will reach the highest rate.

Economists disagree on how consumers will react to a double digit sales tax. The actual impact may be difficult to distinguish from sales lost due to current economic conditions and record low consumer confidence.

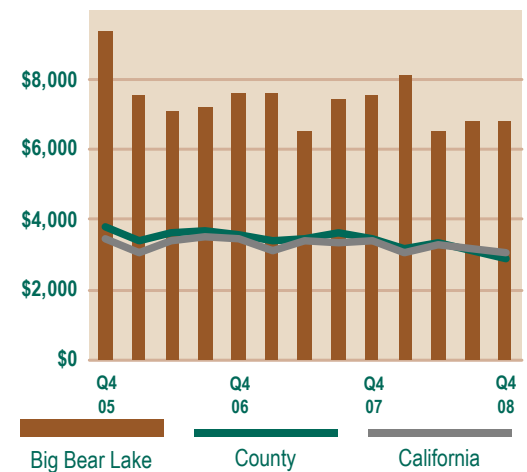
In preparing their revenue projections, the State Department of Finance assumed that the additional one cent tax would result in a one percent loss in future purchases.

### Stimulus Package Benefits

The American Recovery and Reinvestment Act of 2009 will send an estimated \$31 billion to the state. Roughly one third will be used to backfill state budget cutbacks in education and other programs, another third for new state spending and the final third for grants made on a competitive basis. Near-

term benefits most likely to boost retail spending include "Making Work Pay" tax credits to boost payroll checks, extending and increasing unemployment insurance payouts, and allowing buyers of new vehicles purchased between February 17th and December 31st to deduct state sales tax from their federal income tax. Analysts warn that for the short term, these benefits will do little more than slow the economy's descent.

### SALES PER CAPITA



### BIG BEAR LAKE TOP 15 BUSINESS TYPES

Business Type	Big Bear Lake		County	HdL State
	Q4 '08	Change	Change	Change
Grocery Stores Liquor	\$48,392	5.1%	-0.4%	0.8%
Restaurants Liquor	46,800	-11.1%	-14.3%	-1.4%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.7%	-3.3%
Lumber/Building Materials	— CONFIDENTIAL —	—	-12.7%	-12.5%
Service Stations	39,095	-17.0%	-34.3%	-23.2%
Restaurants No Alcohol	34,619	-5.1%	2.8%	1.7%
Restaurants Beer And Wine	29,732	12.7%	-6.2%	-6.9%
Home Furnishings	19,254	30.6%	-22.1%	-20.2%
Drug Stores	18,021	16.1%	-3.0%	-1.4%
Sporting Goods/Bike Stores	17,904	73.0%	-10.7%	-6.6%
Specialty Stores	9,542	-48.1%	-11.4%	-7.2%
Variety Stores	9,111	-19.1%	-0.4%	3.5%
Art/Gift/Novelty Stores	6,321	-37.5%	-24.3%	-15.3%
Contractors	6,109	-55.0%	-25.0%	-15.8%
Automotive Supply Stores	4,920	24.4%	-8.1%	-3.4%
<b>Total All Accounts</b>	<b>\$427,010</b>	<b>-9.0%</b>	<b>-15.5%</b>	<b>-10.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>44,424</b>	<b>10.6%</b>		
<b>Gross Receipts</b>	<b>\$471,434</b>	<b>-7.4%</b>		