

# Q1 2007



# Big Bear Lake Sales Tax *Update*

*Second Quarter Receipts for First Quarter Sales (Jan-Mar 2007)*

## Big Bear Lake In Brief

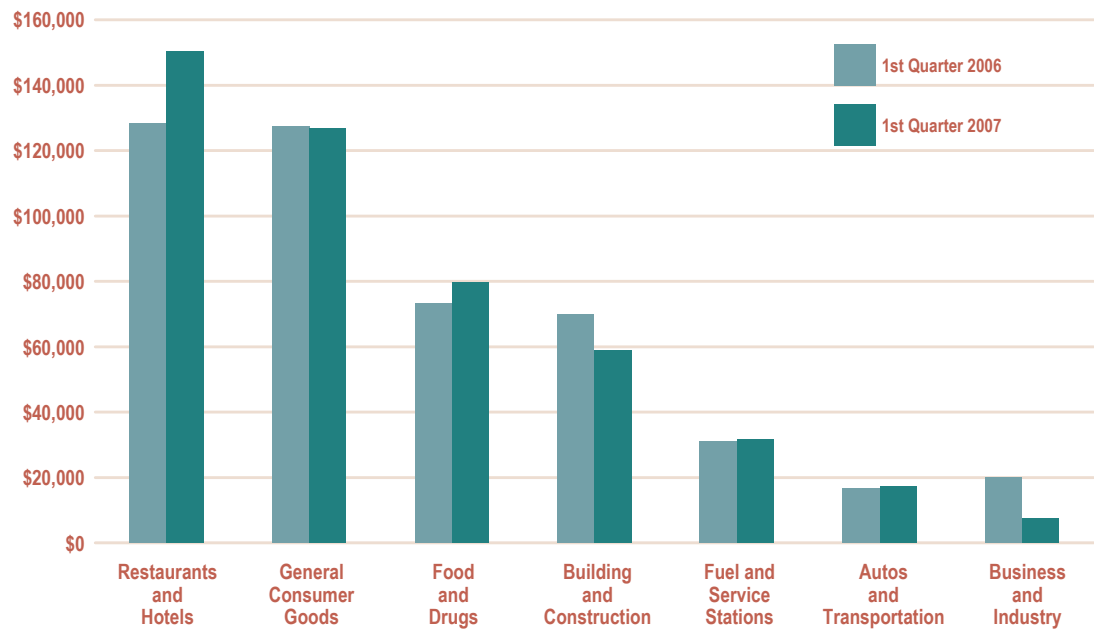
First quarter receipts were little changed from one year ago.

All restaurant categories were up but reporting aberrations, such as late-arriving receipts from sales in prior quarters, exaggerated the restaurant comparisons. Receipts from a market closed out several years ago temporarily boosted grocery store with liquor amounts.

A business closeout in the contractor group contributed to the drop in the Building & Construction group. General Consumer results were mixed with sporting goods/bike stores, specialty stores, and art/gift/novelty stores showing declines as home furnishings and variety stores gained.

Over the same period the Southern California region was up 3.7%; the state grew 3.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Haus & Home Furnishings
7 Eleven	Interiors
Big Bear Arco AM PM	K Mart
Big Bear Chevron	Le Roys Shoes Clothing
Big Bear Choppers	McDonalds
Blauer Ski Rentals	Moonridge Fuel
Budget Car Sales	Riffenburgh Lumber
Butchers Block & Bldg Materials	Rite Aid
Carls Jr	Snow Summit
CVS Pharmacy	Stater Bros
Dennys	USA Station
El Jacalito	Vons
Geiger Supply	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2005-06	2006-07
<b>Point-of-Sale</b>	\$2,032,864	\$1,826,343
<b>County Pool</b>	221,905	190,595
<b>State Pool</b>	3,294	2,435
<b>Gross Receipts</b>	<b>\$2,258,063</b>	<b>\$2,019,374</b>
<b>Less Triple Flip*</b>	\$(564,516)	\$(504,843)

\*Reimbursed from county compensation fund

## DIRECT ALLOCATION OF USE TAX EXPANDED

With some exceptions, merchandise delivered from an out of state location is subject to Use Tax with the local portion distributed via county or state-wide allocation pools. The revenues are divided among each jurisdiction in the pool based on their pro rata share of taxable sales.

The Board of Equalization's current Regulation 1802 provides an exception by allocating the use tax on purchases exceeding \$500,000 to the jurisdiction of delivery if the order is placed to an out-of-state location and the merchandise is shipped from out of state directly to the buyer.

If the order or sale is negotiated in state, the use tax on the out-of-state merchandise continues to be apportioned via the pools.

Effective January 1, 2008, the Board has agreed to eliminate the in-state participation requirement so that the use tax on transactions delivered from out of state that exceed \$500,000 in value goes to the jurisdiction of use.

The primary benefit for local agencies will be an increase in occasional receipts of use tax from out of state capital purchases made by local businesses and taxpayers.

## BOARD TACKLES TAX GAP

Each year the state collects over \$44 billion dollars in state and local tax revenues. They estimate that an additional \$2 billion (the tax gap) goes uncollected.

The largest portion of the tax gap is comprised of unpaid use tax. Out-of-state retailers are not required to collect and remit sales tax if they do not have a physical nexus in California. In these cases, the buyer is responsible for reporting and remitting the corresponding use tax and often fails to do so either purposely or because they are unaware of the requirement.

The second largest component of

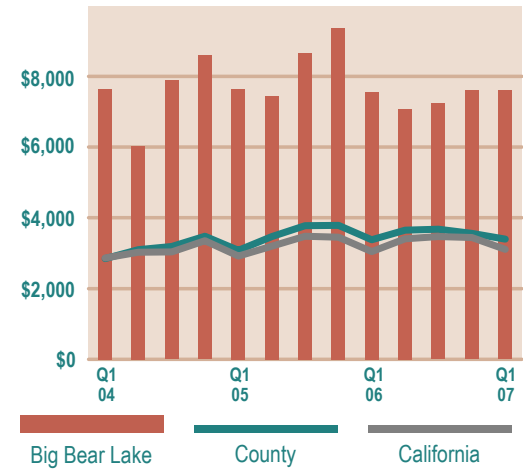
the tax gap lies with the underground economy where transactions are paid by cash and businesses operate without registering in order to avoid taxation. The final component consists of unpaid taxes on sales and purchases that are purposely or inadvertently under reported.

The Board of Equalization has proposed a three year plan to reduce the gap. Elements include additional sharing and utilization of data bases to identify unregistered businesses and/or potential use tax purchases by companies not required to register, additional staffing and technology to improve audit and collection effectiveness, and more field inspections and involvement in special events such as swap meets and auctions.

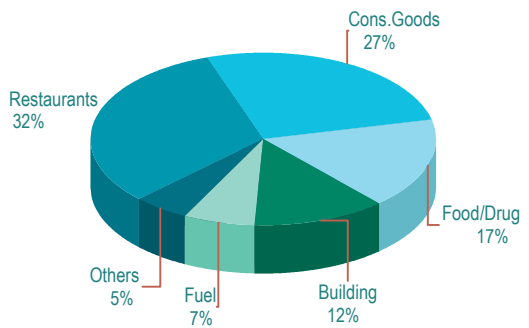
The plan also calls for increased tax preparer education and more effective registration requirements including consolidation of state and local agencies into a one stop registration system.

Copies of the plan can be reviewed at [www.boe.ca.gov](http://www.boe.ca.gov).

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP Big Bear Lake This Quarter



## BIG BEAR LAKE TOP 15 BUSINESS TYPES

Business Type	Big Bear Lake		County	HdL State
	Q1 '07	Change	Change	Change
Restaurants Liquor	\$76,561	8.0%	6.0%	10.4%
Lumber/Building Materials	— CONFIDENTIAL —		-37.6%	-23.2%
Grocery Stores Liquor	46,694	15.0%	4.0%	4.5%
Discount Dept Stores	— CONFIDENTIAL —		3.5%	5.8%
Restaurants No Alcohol	38,368	34.6%	5.0%	5.8%
Restaurants Beer And Wine	34,242	33.1%	3.1%	1.2%
Service Stations	30,082	3.4%	4.6%	5.3%
Sporting Goods/Bike Stores	17,551	-23.9%	19.1%	20.4%
Specialty Stores	15,471	-15.8%	-1.4%	10.0%
Grocery Stores Beer/Wine	15,170	3.5%	45.6%	17.4%
Drug Stores	15,148	-2.2%	9.7%	8.4%
Home Furnishings	12,454	45.5%	31.3%	2.6%
Variety Stores	10,627	109.5%	19.2%	16.9%
Plumbing/Electrical Supplies	— CONFIDENTIAL —		1.7%	11.6%
Art/Gift/Novelty Stores	6,190	-34.3%	-5.3%	1.0%
<b>Total All Accounts</b>	<b>\$471,983</b>	<b>1.1%</b>	<b>2.6%</b>	<b>3.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>46,972</b>	<b>-11.5%</b>		
<b>Gross Receipts</b>	<b>\$518,955</b>	<b>-0.2%</b>		