

Q3
2005



Big Bear Lake Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2005)

Big Bear Lake In Brief

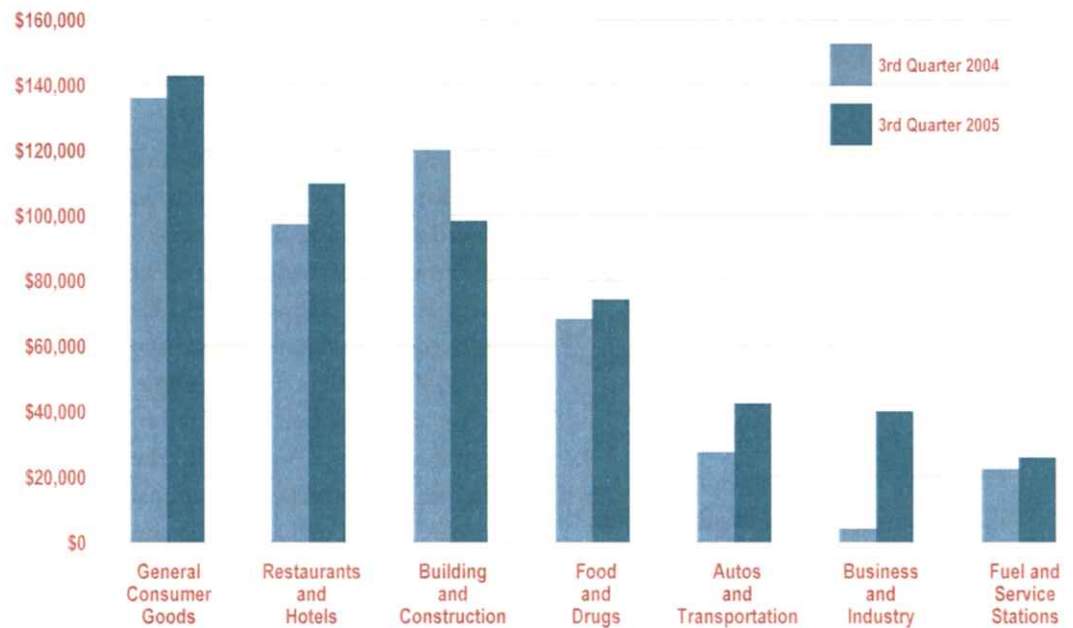
Receipts from July - September sales were 11.5% higher than the year-earlier period but payment aberrations skewed the data. Adjusted for anomalies, actual sales were little changed.

Delayed receipts from second quarter sales boosted totals for boats/motorcycles, restaurants-no alcohol and light industrial/printers categories. Service station results tracked rising gas prices during the quarter.

The contractor group, usually among the city's top business types was down due to a delayed payment. The sporting goods/bike stores decrease was caused by a retroactive accounting adjustment that inflated year-ago proceeds.

Real sales for the Southern California region gained 6% over last year; the state was up 6.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

7 Eleven	Haus & Home Furnishings
7 Eleven	I H O P
Auto Techniks	Interiors
Big Bear Chevron	K Mart
Big Bear Choppers	Mexican Food
Big Bear Paint Center	Moon Ridge Station
Big Bear Service Station	Mountain Center Inc
Butchers Block & Bldg Materials	Oasis Pizza
Cowboy Express Steak House	Riffenburgh Lumber
G & M Oil	Rite Aid
Geiger Supply	Sav On
Hardin Marine	Stater Bros
	Vons

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2004-05	2005-06
Point-of-Sale	\$838,576	\$990,157
County Pool	89,871	107,599
State Pool	1,376	1,241
Gross Receipts	\$929,822	\$1,098,996
Less Triple Flip*	\$(131,497)	\$(274,749)

*Reimbursed from county compensation fund

Statewide Comparisons Skewed

Local governments' sales and use tax allocations were up 16.1% compared to the same quarter one year ago but the gains were inflated by the makeup of previous distribution shortfalls.

Actual sales activity increased 6.4% when aberrations are factored out. A summer discount campaign that boosted new car sales, and higher prices for fuel, building and construction materials were the primary contributors to the gain. The spike in fuel prices accounted for almost 1/3 of the statewide increase.

Regionally, the inland areas of the state continued to out-perform the coastal and far northern areas although some portions of the Bay Area are beginning to exhibit some recovery. Initial reports on next quarter indicate fair holiday sales but fourth quarter gains in general consumer goods may be offset by weaker auto sales and lower fuel prices.

The following table shows the percent of gains in the third quarter before and after aberrations are removed.

	Before	After
Autos/Transportation	15.6	4.7
Building/Construction	16.7	9.6
Business/Industry	18.5	3.5
Food/Drugs	11.6	3.7
Fuel/Service Stations	25.9	25.5
Gen'l Consumer Goods	12.4	3.7
Restaurants/Hotels	19.9	3.0

Sales Tax Elections

Local elections in November and December included 14 measures relating to additional transactions and use taxes of which 11 passed. Voters approved or extended overrides in Calexico, Delano, Dinuba, Laguna Beach, Merced, Porterville, Salinas, San Rafael, Scotts Valley, Tulare and Waterford. Four of the successful measures required a 2/3's vote - the others a majority.

This brings to 40 cities and 23 counties that have one or more transactions and use tax districts. Revenues are

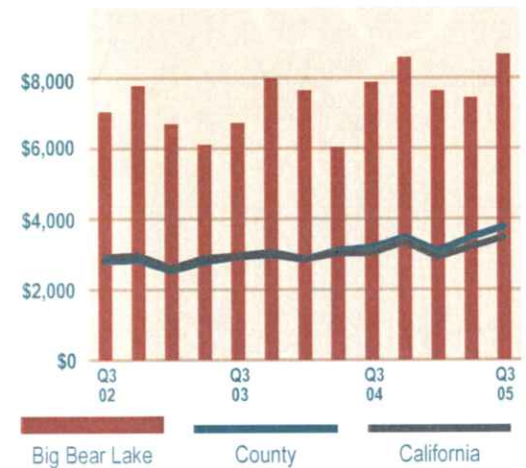
being used for a variety of purposes including public safety services, hospitals, transit and transportation, libraries, capital improvements and a wide variety of general purposes.

Streamlined Sales Tax

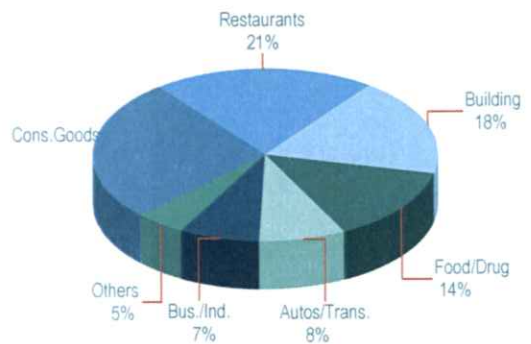
The Streamlined Sales Tax Project (SSTP) began formal operations on October 1 with eighteen states requesting voluntary registration and collection of local taxes by out-of-state vendors. Although the states are offering full amnesty from prior liabilities as an incentive, several key details have yet to be resolved making vendors with complex tax issues initially cautious.

Two bills, S.2152 (Enzi, R – WY) and S.2153 (Dorgan, D – ND) have been introduced to authorize SSTP states to require out-of-state vendors to collect the state's sales tax. However, the bills would impose conditions beyond the model SSIP agreement including limitations on local taxation of telecommunication services. As a result, the bills are being opposed by the National League of Cities as well as catalog and e-retail interests.

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
	Q3 '05	Change	Change	Change
Lumber/Building Materials	—	CONFIDENTIAL	16.6%	11.5%
Restaurants No Alcohol	47,365	30.2%	14.3%	16.0%
Discount Dept Stores	—	CONFIDENTIAL	8.7%	8.0%
Grocery Stores Liquor	39,569	6.4%	7.6%	6.0%
Restaurants Beer And Wine	32,636	14.7%	19.1%	24.0%
Light Industrial/Printers	28,851	na	29.4%	11.0%
Restaurants Liquor	26,595	-8.8%	22.4%	22.9%
Home Furnishings	24,408	12.9%	28.3%	17.4%
Service Stations	24,326	21.8%	34.9%	25.6%
Boats/Motorcycles	18,227	82.9%	14.2%	37.5%
Specialty Stores	15,408	26.9%	30.3%	24.2%
Drug Stores	15,303	1.2%	5.8%	5.7%
Grocery Stores Beer/Wine	14,917	26.4%	45.5%	23.9%
Sporting Goods/Bike Stores	11,851	-25.3%	18.3%	17.3%
Used Automotive Dealers	—	CONFIDENTIAL	42.7%	37.5%
Total All Accounts	\$532,787	12.2%	22.0%	16.5%
County & State Pool Allocation	53,900	5.8%		
Gross Receipts	\$586,688	11.5%		