

# Q3 2016



# Big Bear Lake Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2016)

## Big Bear Lake In Brief

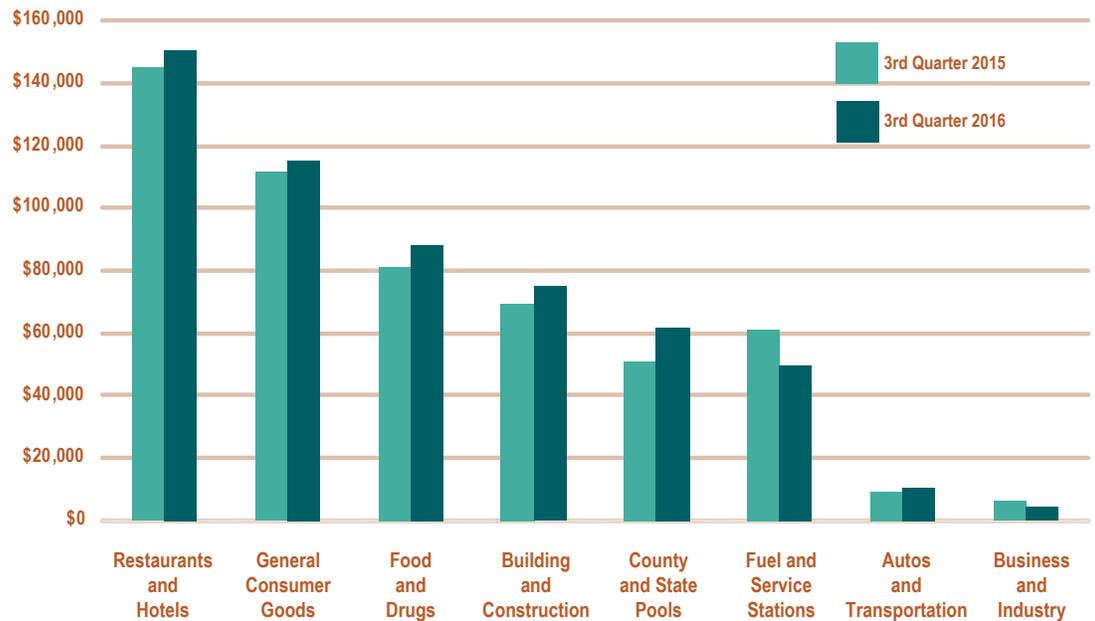
Big Bear Lake's allocation of sales and use tax from its July through September sales was 3.8% higher than the same quarter of 2015. Actual sales activity was up 5.0% after accounting anomalies are factored out.

Generally, the City experienced a solid quarter for most categories of restaurants, building-construction supplies and food stores. A recent addition to the consumer goods group and a rise in the countywide use tax allocation pool also contributed to the overall increase.

The gains were partially offset by a decline in fuel prices and some one-time accounting adjustments.

Adjusted for aberrations, sales and use tax receipts for all of San Bernardino County grew 0.8% over the comparable time period while Southern California as a whole was up 1.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

572 Social Kitchen & Lounge	Interiors
7 Eleven	Kmart
Arco AM PM	McDonalds
Big 5	Nicks Auto Center
Big Bear Paint Center	North Pole Fudge
Butchers Block & Building Materials	Peppercorn Grille
CVS Pharmacy	Shell
DIY Home Center	Shirt Shanty
Dollar Tree	Snow Summit
El Jacalito Grill	Stater Bros
Geiger Supply	Teddy Bear Restaurant
Hacienda Grill	Vons
	Walgreens

## REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$880,147	\$914,249
County Pool	97,173	111,438
State Pool	418	312
<b>Gross Receipts</b>	<b>\$977,739</b>	<b>\$1,025,998</b>
Less Triple Flip*	\$(244,435)	\$0

\*Reimbursed from county compensation fund

## Statewide Results

Statewide local sales and use taxes from transactions occurring July through September were up 1.9% over the same third sales quarter of 2015 after factoring for accounting anomalies.

The countywide use tax allocation pools contributed the largest portion of the increase reflecting the acceleration in online shopping where most orders are shipped from out-of-state. Automotive group receipts rose 5.4% over the year-ago period although more than half of the increase was from a specific electric car manufacturer. Higher returns from restaurants and sales of building/construction materials also contributed to the statewide gain.

The gains were significantly offset by a 14.6% drop in receipts from fuel and service stations and a generally flat quarter for other economic segments. General consumer goods grew less than 1%. Value priced clothing, pet shops, cosmetics and dollar stores were among the few bright spots.

Business and industrial tax revenue was down 1.9%. Relatively healthy sales of agricultural and medical/biotech supplies could not overcome the decline in new alternative energy projects and a flat quarter for most other categories.

## The Year Ahead

The consensus from dozens of industry analysts, economic think tanks and trade associations is for a leveling off in the rate of sales tax growth that the state has enjoyed for the last six years.

Manufacturer incentives are expected to produce lower gains from new vehicle purchases through the end of 2016 and it is believed that dealers are now borrowing from 2017 sales. Vehicle sales are expected to drop in 2017-18 but the trend toward higher priced vehicles loaded with options could maintain tax revenues close to current levels.

Consumer preferences toward spending more on services rather than goods, digital downloading of previously taxable products and rising health care and housing costs will be a drag on sales of consumer

goods.

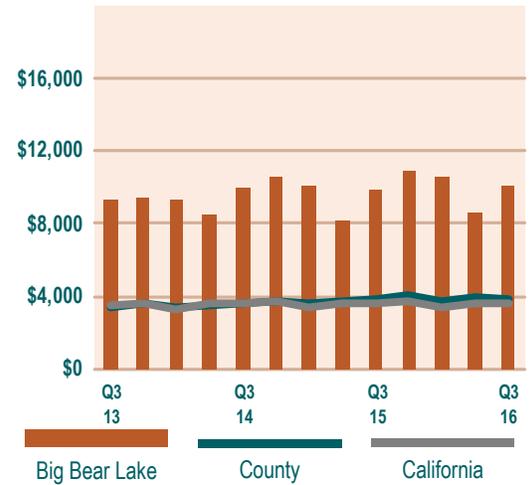
Receipts from fuel and service stations may be one of the largest gainers in 2017-18. New Middle East agreements on production caps are raising crude oil prices while California's limited refinery capacity and the trend toward less fuel-efficient SUV's and trucks have analysts believing that prices have finally leveled out and will rise through the year.

Continuing gains from restaurants are also expected although at lower than previous rates because of reduced grocery prices and the cost of eating at home. The growing strength of the dollar and recent criticisms of trade agreements and immigrants could reduce international tourism.

It usually takes up to two years for new stimulus programs to be reflected in sales tax receipts. As many of the coming administration's proposals related to trade, immigration, health services and the environment present potential issues for a significant number of California industries, delays in major construction projects and business/industrial investments are expected until these are sorted out.

HdL's current forecast is for a statewide increase of 2.5% in 2016-17 and 3.4% in 2017-18 compared to a year earlier.

## SALES PER CAPITA



## COUNTY OVERALL 3Q YOY RECEIPTS % CHANGE

Major Industry Groups	Cash	Actual *
Autos and Transportation	8.0%	7.4%
Building and Construction	-2.4%	-2.9%
Business and Industry	-4.6%	-4.5%
Food and Drugs	-5.3%	0.4%
Fuel and Service Stations	-14.8%	-16.3%
General Consumer Goods	3.0%	2.7%
Restaurants and Hotels	11.2%	6.8%
Transfers and Unidentified	-57.0%	96.5%
County and State Pools	17.4%	15.4%
<b>Total</b>	<b>1.4%</b>	<b>0.7%</b>

\*Accounting anomalies factored out

## REVENUE BY BUSINESS GROUP

Big Bear Lake This Quarter

