

Q2 2015



Beverly Hills Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

Beverly Hills In Brief

Beverly Hills' receipts from April through June were 0.3% below the comparable sales period in 2014. Excluding reporting aberrations, actual sales were up 6.8%.

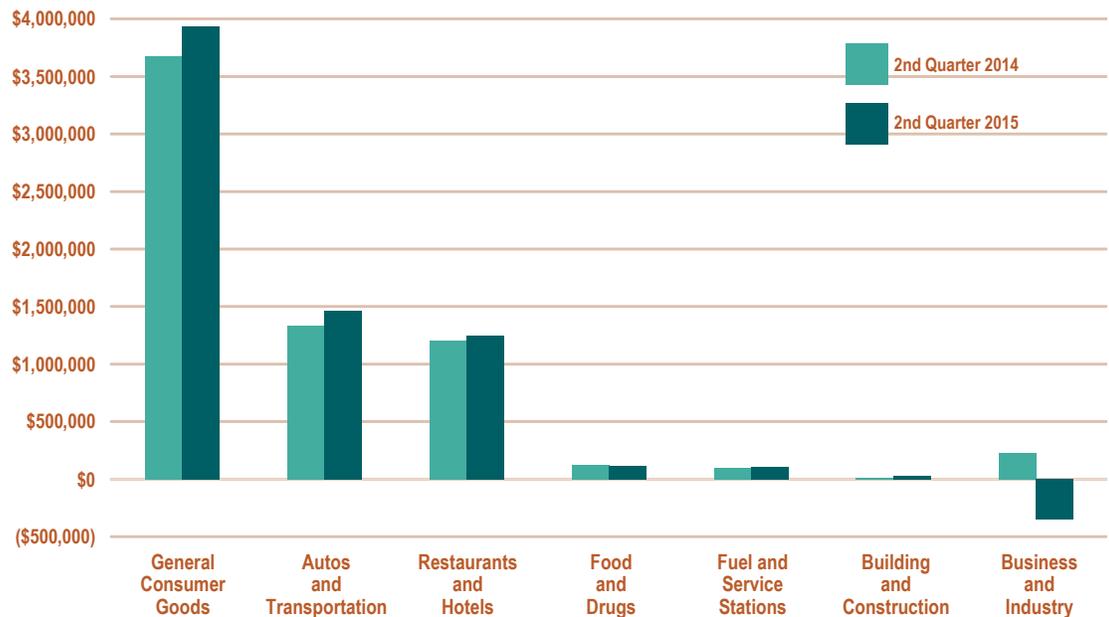
A reporting problem temporarily depressed returns from the business and industry group.

The city experienced a solid sales quarter for family apparel retailers and new automobile dealers. Recent additions helped boost revenues from restaurants, specialty stores, and home furnishings.

The city's allocation from the county use tax pool increased 11.4% over the year-ago period.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.6% over the comparable time period; the Southern California region was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Audi Beverly Hills	Louis Vuitton
Audi Leasing	Mastros Steakhouse
Bentley Leasing	Mercedes Benz of Beverly Hills
Barneys	Montage Beverly Hills
Beverly Hills Hotel	Neiman Marcus
Beverly Hilton Hotel	O'Gara Coach Company
Beverly Wilshire Hotel	Porsche Leasing
Cartier	Saks Fifth Ave
Chanel	Tiffany & Company
Daimler Trust	Tom Ford
Ferrari of Beverly Hills	Toyota Lease Trust
Gearys	XIV Karats
Hermes	
Jim Falk Lexus	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$6,669,849	\$6,557,774
County Pool	765,348	852,978
State Pool	5,052	5,520
Gross Receipts	\$7,440,250	\$7,416,272
Less Triple Flip*	\$(1,860,062)	\$(1,854,068)

*Reimbursed from county compensation fund

Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

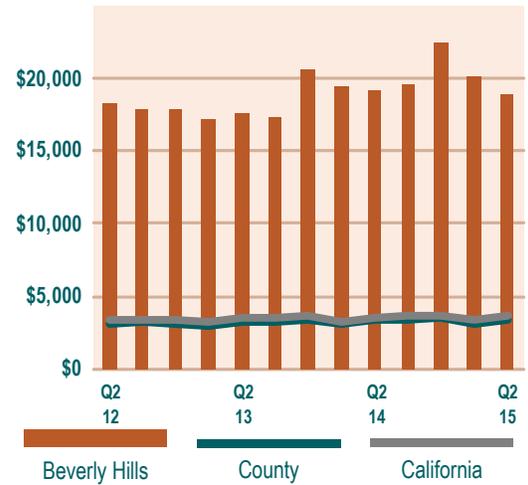
Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

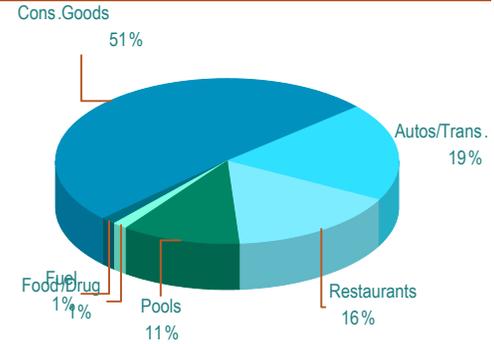
The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Beverly Hills This Quarter



BEVERLY HILLS TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Beverly Hills Q2 '15*	Change	County Change	HdL State Change
Auto Lease	445.7	22.2%	25.6%	28.4%
Casual Dining	208.4	1.0%	5.9%	6.1%
Department Stores	—	CONFIDENTIAL	-0.8%	-2.1%
Family Apparel	982.6	8.9%	4.8%	2.8%
Fine Dining	508.7	11.9%	10.6%	11.9%
Home Furnishings	151.7	11.4%	-2.2%	7.5%
Hotels-Liquor	389.9	-4.2%	0.1%	3.0%
Jewelry Stores	457.8	0.1%	6.3%	7.0%
Men's Apparel	127.1	3.7%	2.9%	2.3%
New Motor Vehicle Dealers	967.9	6.0%	10.4%	9.2%
Quick-Service Restaurants	111.0	16.4%	8.2%	9.2%
Service Stations	106.0	10.2%	-15.7%	-11.7%
Shoe Stores	139.2	-1.2%	3.7%	4.4%
Specialty Stores	265.6	17.3%	6.8%	5.6%
Women's Apparel	443.5	-0.5%	-4.9%	-3.7%
Total All Accounts	6,557.8	-1.7%	1.8%	2.8%
County & State Pool Allocation	858.5	11.4%	15.4%	11.8%
Gross Receipts	7,416.3	-0.3%	3.2%	3.8%