

# Q4 2015



# Beverly Hills Sales Tax *Update*

*First Quarter Receipts for Fourth Quarter Sales (October - December 2015)*

## Beverly Hills In Brief

Beverly Hills's receipts from October through December were 11.4% above the fourth sales period in 2014. Excluding reporting aberrations, actual sales were up 3.4%.

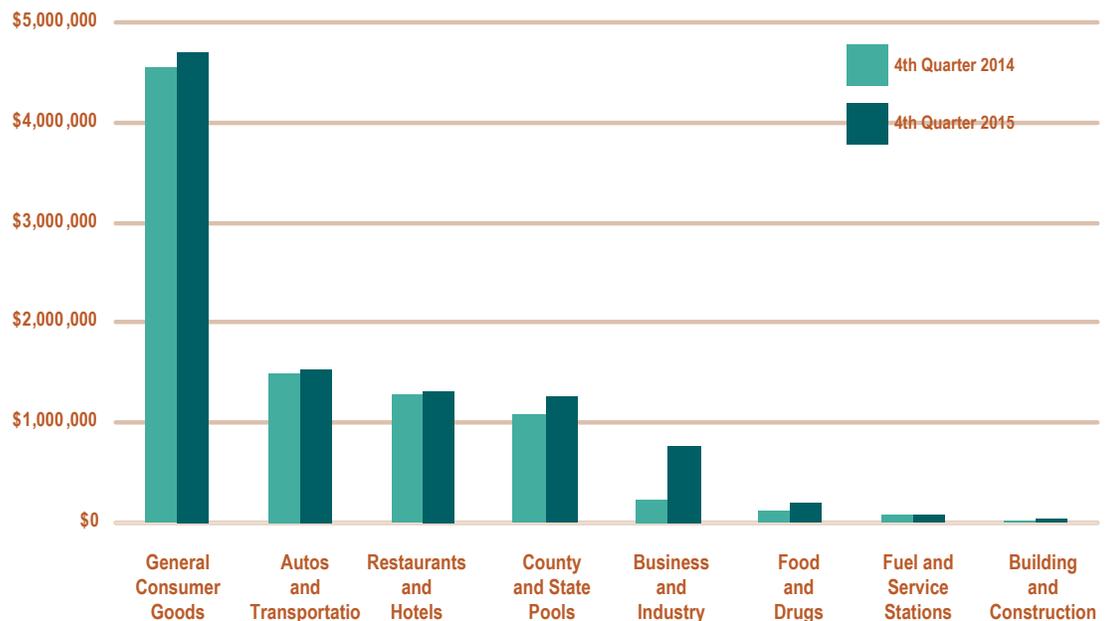
The double digit gain in gross receipts was primarily due to a correction of an error that deflated year-ago returns in the business and industry group. A onetime multi-quarter audit recovery in food and drugs and the increase in the countywide use tax allocation pool also contributed to the increase.

Holiday sales activity in general retail rose in several sectors including galleries/fine arts, family apparel and home furnishings. Several recent closures dampened results in hospitality-related categories. Nonetheless, fine dining and hotels with liquor posted greater returns than a year ago.

The loss of a dealership in new autos was offset by higher sales activity in auto leasing

Net of aberrations, taxable sales for all of Los Angeles County grew 1.4% over the comparable time period; the Southern California region was up 2.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2014-15	2015-16
<b>Point-of-Sale</b>	\$21,266,661	\$22,225,472
<b>County Pool</b>	2,641,440	2,937,463
<b>State Pool</b>	18,310	26,422
<b>Gross Receipts</b>	<b>\$23,926,411</b>	<b>\$25,189,356</b>
<b>Less Triple Flip*</b>	\$(5,981,603)	\$(6,297,339)

\*Reimbursed from county compensation fund

**California Overall**

Excluding accounting aberrations, local sales and use tax receipts from the fourth quarter of 2015 ended 2.6% above 2014's holiday quarter.

Solid returns for autos, RVs, building materials and most categories of restaurants were the primary contributors to the statewide increase. The growth in online shopping for merchandise shipped from out-of-state continued to raise countywide use tax allocation pool revenues.

The gains were largely offset by a 13.2% drop in tax receipts from service stations and other fuel-related expenditures. Except for value price clothing and shoes, most categories of general consumer goods were flat or down, reflecting heavy price discounting to reduce excess holiday inventories and the impact of the strong dollar on international tourist spending.

With some exceptions, particularly in the areas of computers and agricultural chemicals, overall receipts from business and industrial expenditures were also down primarily due to cutbacks in capital spending by energy producers and manufacturers of exported goods, equipment and raw materials.

Intense competition and price pressures resulted in only modest gains in receipts from grocers and pharmacists with the largest increase in this group coming from liquor stores and marijuana dispensaries.

HdL's most recent economic consensus forecast anticipates similar modest gains through 2016 with an eventual peak in auto sales replaced by strong sales of building and construction materials for home improvement and new housing. A recovery in tax receipts from fuel is not expected until the end of the year.

**The Triple Flip Is Over!**

Beginning with taxes collected in January and forward, local governments will again receive their full share of Bradley-Burns sales and use tax reve-

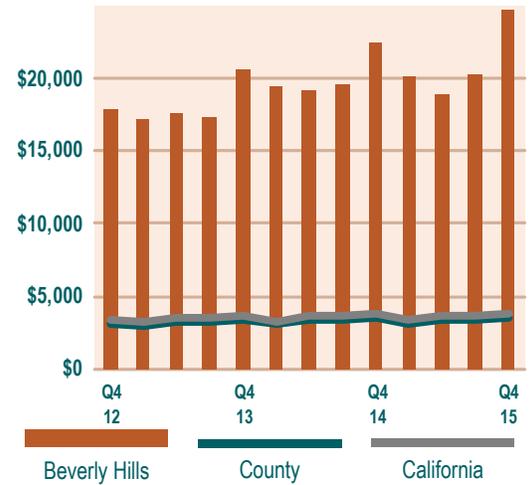
nues thus ending an eleven-year program known as the Triple Flip.

The program began in 2004 when voters approved a \$15 billion bond issue to cover operating deficits resulting from a combination of that year's economic downturn plus failure to offset the loss of revenue from the Governor's popular reduction in the 65-year-old, 2% Motor Vehicle In-Lieu Tax.

The State retained 25% of local sales tax to guarantee the bonds, reimbursed local governments from monies meant for schools and replaced the money taken from schools with state general funds thus creating what became known as the Triple Flip. The financing scheme resulted in interest payments totaling \$4.8 billion, plus another \$200 million in administrative fees while creating new budget challenges for local governments.

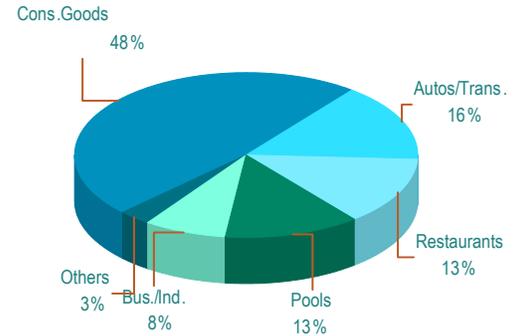
It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Beverly Hills This Quarter



**BEVERLY HILLS TOP 15 BUSINESS TYPES**

Business Type	<i>*In thousands of dollars</i>			
	Beverly Hills Q4 '15*	Beverly Hills Change	County Change	HdL State Change
Art/Gift/Novelty Stores	146.2	39.6%	11.4%	3.9%
Auto Lease	471.1	22.0%	31.6%	42.7%
Casual Dining	218.2	-6.9%	9.1%	6.1%
Department Stores	— CONFIDENTIAL —	—	-1.1%	-0.5%
Family Apparel	1,253.9	9.0%	7.0%	3.8%
Fine Dining	509.3	5.7%	6.9%	7.7%
Home Furnishings	182.7	15.2%	-2.0%	2.0%
Hotels-Liquor	432.2	2.5%	2.2%	3.7%
Jewelry Stores	548.8	-11.2%	-1.9%	0.8%
Men's Apparel	131.5	-6.2%	1.9%	1.7%
Motion Pictures/Equipment	— CONFIDENTIAL —	—	-16.4%	-18.7%
New Motor Vehicle Dealers	1,000.4	-5.5%	7.6%	7.9%
Shoe Stores	172.7	-0.1%	6.4%	4.8%
Specialty Stores	285.3	13.0%	7.5%	4.3%
Women's Apparel	489.1	3.3%	1.6%	1.3%
<b>Total All Accounts</b>	<b>8,608.7</b>	<b>10.6%</b>	<b>1.6%</b>	<b>2.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>1,257.3</b>	<b>16.7%</b>	<b>7.2%</b>	<b>10.8%</b>
<b>Gross Receipts</b>	<b>9,865.9</b>	<b>11.4%</b>	<b>2.3%</b>	<b>3.5%</b>