

Q1 2016



Beverly Hills Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

Beverly Hills In Brief

Beverly Hills' sales tax receipts from January through March were 5.1% below the first sales period in 2015.

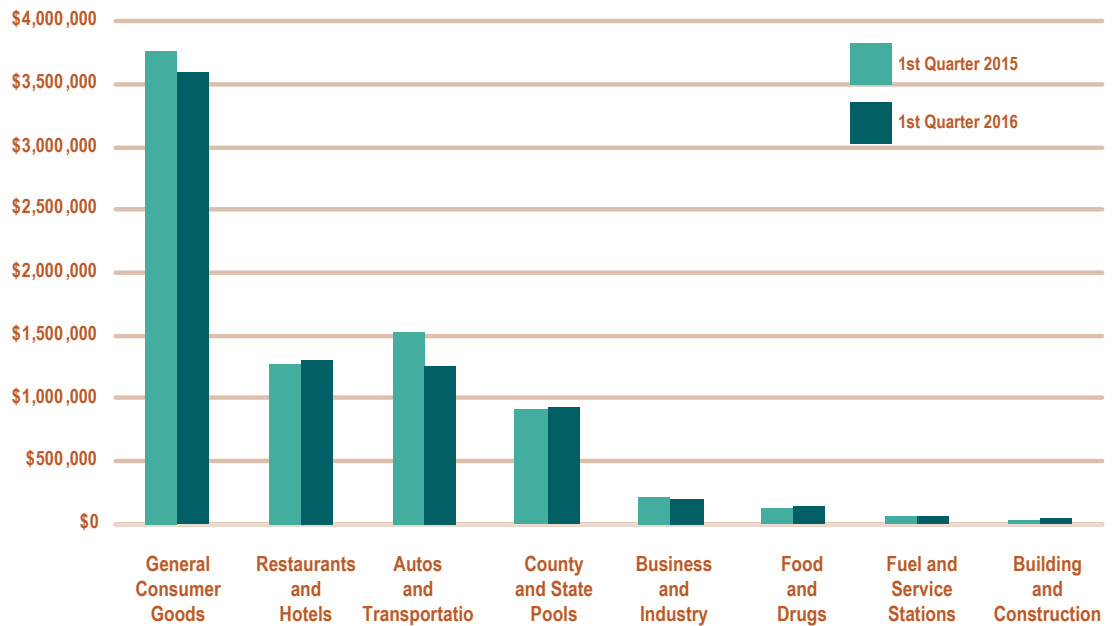
A business relocation depressed returns from new motor vehicle dealers. A decline in sales from jewelry stores, women's apparel, and business services contributed to the drop. Reporting aberrations temporarily reduced receipts from family apparel and men's apparel stores.

The losses were partially offset by a new addition that boosted returns from specialty stores and an increase in sales from casual dining restaurants, furniture retailers, and art stores.

The City's allocation from the countywide use tax pool increased 3.2% over the year-ago period.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.7% over the comparable time period; the Southern California region was up 3.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$28,298,148	\$28,830,258
County Pool	3,552,464	3,877,985
State Pool	18,450	22,150
Gross Receipts	\$31,869,062	\$32,730,393
Less Triple Flip*	\$(7,967,266)	\$(6,297,339)

*Reimbursed from county compensation fund

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

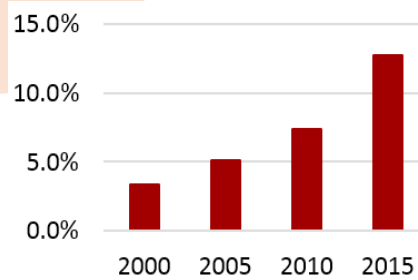
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

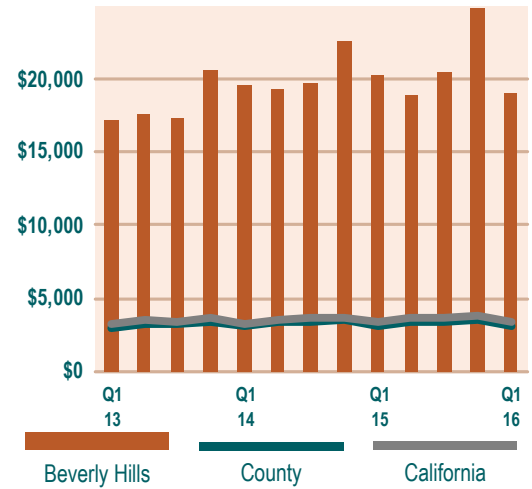
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

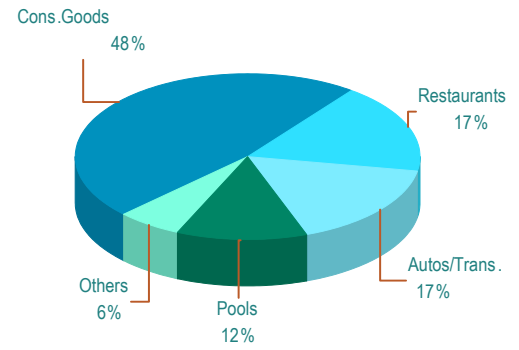
**Online General Consumer Goods
YOY Percentage Growth**



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 Q1 '16*	Change	County Change	HdL State Change
Art/Gift/Novelty Stores	70.6	26.4%	5.8%	1.8%
Auto Lease	452.5	9.0%	11.4%	18.0%
Casual Dining	233.5	10.6%	7.7%	5.7%
Department Stores	— CONFIDENTIAL —		-4.6%	-4.7%
Family Apparel	932.3	-5.3%	1.9%	-0.6%
Fine Dining	507.1	-1.1%	6.1%	7.4%
Home Furnishings	132.3	15.8%	-3.2%	3.0%
Hotels-Liquor	423.1	3.8%	8.3%	4.1%
Jewelry Stores	429.4	-4.7%	-2.3%	-1.5%
Men's Apparel	102.6	-5.6%	-1.9%	0.2%
New Motor Vehicle Dealers	740.3	-30.1%	3.3%	3.1%
Quick-Service Restaurants	113.6	1.3%	4.8%	6.4%
Shoe Stores	101.0	-27.4%	6.2%	4.6%
Specialty Stores	242.9	5.7%	5.6%	3.5%
Women's Apparel	394.7	-13.8%	-1.9%	-1.7%
Total All Accounts	6,604.8	-6.1%	1.7%	1.8%
County & State Pool Allocation	936.3	2.8%	11.3%	14.1%
Gross Receipts	7,541.0	-5.1%	2.8%	3.2%