

Q1 2015



Beverly Hills Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

Beverly Hills In Brief

Receipts for Beverly Hills' January through March sales were 4.3% higher than the same quarter one year ago. Actual sales activity was up 5.8% when reporting aberrations were factored out.

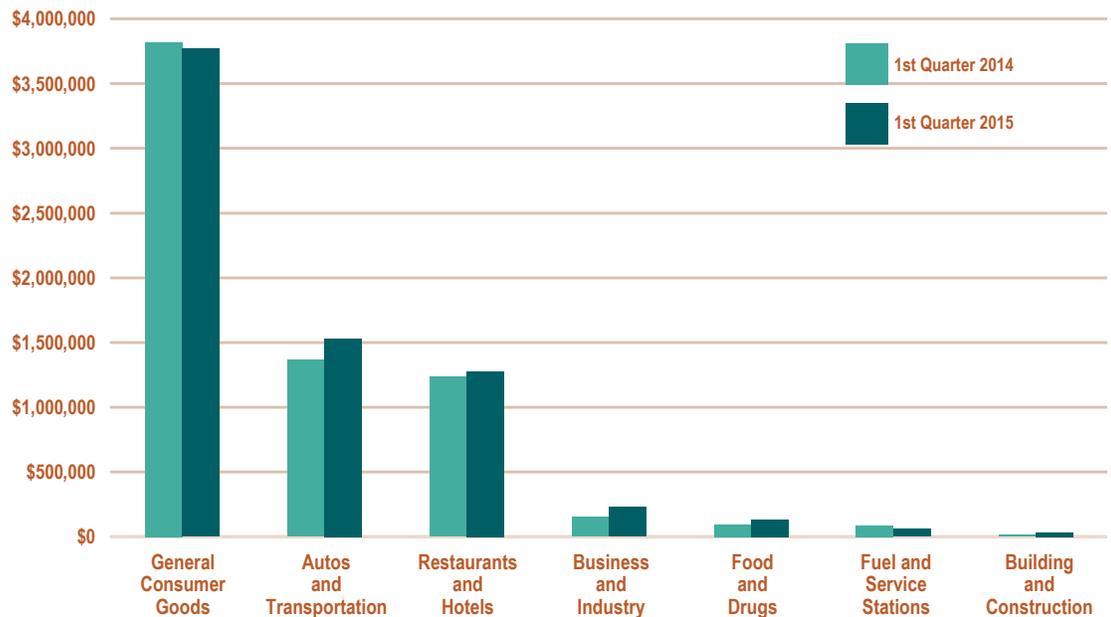
A retroactive adjustment that inflated year-ago returns in women's apparel was the primary factor contributing to the decline in general consumer goods as a whole. The 1.2% actual gain in this group lagged regional trends with lower returns in jewelry stores, shoe stores, men's apparel and home furnishings. Nonetheless, recent openings boosted family apparel.

New auto sales rose an impressive 22.5% once onetime aberrations were removed while auto leasing matched the gain with a 23.8% rise.

Lower results in hotels with liquor partially offset the increase from new eateries in casual dining, fine dining and quick-service restaurants. Multiple deviations boosted cash receipts in business and industry while a new store added to food and drugs. Similar events overstated building-related sectors.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 3.0% over the comparable time period, while the Southern California region as a whole was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Audi Beverly Hills	Jim Falk Lexus
Audi Leasing	Louis Vuitton
Bentley Leasing	Mastros Steakhouse
Barneys	Mercedes Benz of Beverly Hills
Beverly Hills Hotel	Montage Beverly Hills
Beverly Hills Porsche	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	
Hermes	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$25,906,109	\$28,298,148
County Pool	3,101,028	3,552,464
State Pool	17,691	18,450
Gross Receipts	\$29,024,828	\$31,869,062
Less Triple Flip*	\$(7,256,207)	\$(7,967,266)

*Reimbursed from county compensation fund

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California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

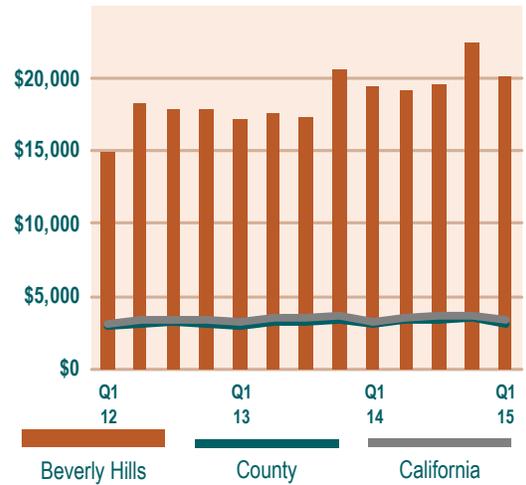
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

Tax on Marijuana

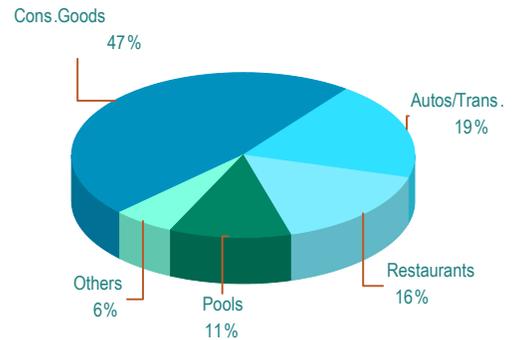
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Beverly Hills This Quarter



BEVERLY HILLS TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Beverly Hills Q1 '15*	Beverly Hills Change	County Change	HdL State Change
Auto Lease	413.4	20.8%	18.3%	21.5%
Business Services	72.2	25.0%	21.1%	26.1%
Casual Dining	203.8	4.9%	4.9%	5.1%
Department Stores	— CONFIDENTIAL —		2.0%	1.9%
Family Apparel	1,352.9	11.4%	8.6%	9.8%
Fine Dining	523.4	13.4%	17.0%	17.2%
Home Furnishings	121.4	-8.9%	12.6%	8.3%
Hotels-Liquor	404.2	-7.5%	2.7%	9.5%
Jewelry Stores	448.7	-7.1%	4.1%	4.5%
Men's Apparel	108.7	-14.8%	4.5%	1.5%
New Motor Vehicle Dealers	1,059.6	10.5%	8.4%	11.1%
Quick-Service Restaurants	110.6	12.8%	10.3%	10.9%
Shoe Stores	139.1	-5.0%	4.6%	6.3%
Specialty Stores	231.3	-0.9%	8.7%	10.1%
Women's Apparel	454.3	-28.1%	-2.7%	1.7%
Total All Accounts	\$7,031.5	3.9%	3.0%	3.6%
County & State Pool Allocation	\$911.2	6.9%	5.9%	1.1%
Gross Receipts	\$7,942.7	4.3%	3.3%	3.3%