

Q4 2019



Beverly Hills Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2019)

Beverly Hills In Brief

Beverly Hills' receipts from October through December were 6.7% above the fourth sales period in 2018. However, the correction of past reporting errors exaggerated the results. Excluding reporting aberrations, actual sales were down 5.5%.

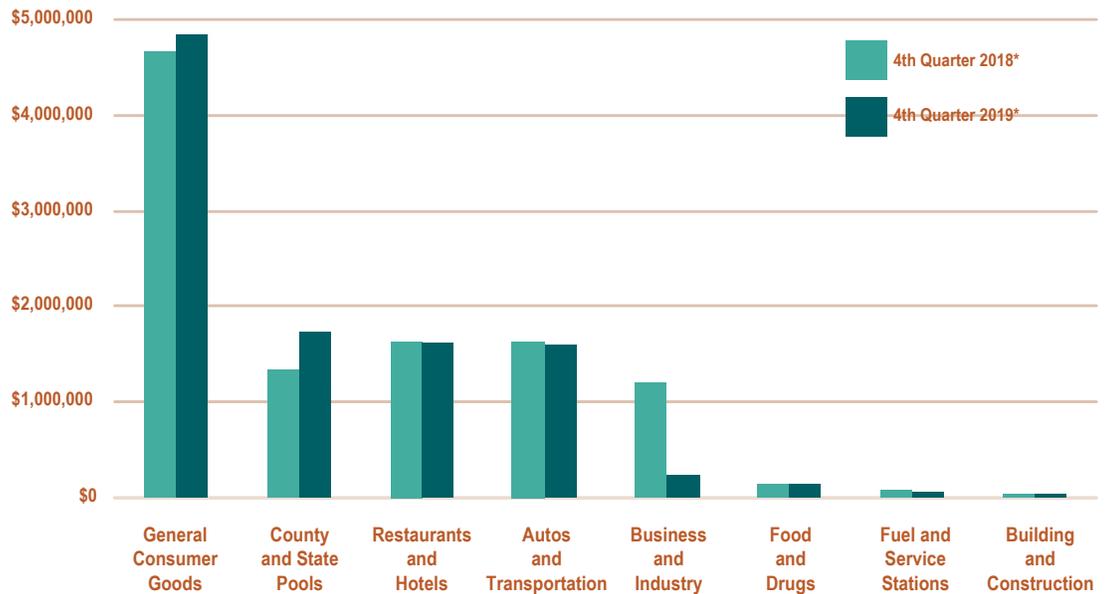
The receipt of multiple large one-time allocations in the prior year were largely responsible for the drop in business-industry and the overall adjusted decrease.

Although local point of sale results were down, increased taxes collected for online purchases of items shipped into the region compared to last year, enhanced allocations from the countywide use tax pool, helping offset the decline.

Also, the City experienced solid holiday shopping results from multiple general consumer categories including jewelry and specialty stores.

Net of aberrations, taxable sales for all of Los Angeles County grew 3.8% over the comparable time period; the Southern California region was up 4.4%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Audi Leasing	Lamborghini of Beverly Hills
Barneys	Louis Vuitton
Beverly Hills Hotel	Mercedes Benz of Beverly Hills
Beverly Hilton Hotel	Neiman Marcus
Beverly Wilshire Hotel	Porsche Leasing
Cartier	Saks Fifth Avenue
Chanel	Tiffany & Co
Christian Dior	Tom Ford
Daimler Trust	Toyota Lease Trust
Ferrari of Beverly Hills	Wally's Vinoteca
Gearys	XIV Karats
Gucci	Yves Saint Laurent
Jim Falk Lexus of Beverly Hills	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date (Q3 to Q4)

	2018-19	2019-20
Point-of-Sale	\$17,149,662	\$16,049,296
County Pool	2,416,861	2,906,207
State Pool	8,574	7,278
Gross Receipts	\$19,575,097	\$18,962,781

California Overall

Statewide sales and use tax receipts from 2019's fourth quarter were 4.2% higher than last year's holiday quarter after factoring for accounting anomalies.

The increase came from the acceleration in online shopping which generated huge gains in the countywide use tax pools for merchandise shipped from out-of-state and from California based fulfillment warehouses in those cases where the warehouse is also point-of-sale. This segment was further boosted by the first full quarter of California's implementation of the Wayfair vs South Dakota ruling that requires out-of-state retailers to collect and remit sales tax on merchandise sold to California customers. The ruling has led to an increase in sales tax receipts of roughly \$2.95 per capita while also producing double digit gains for in-state online fulfillment centers.

In contrast, soft sales and closeouts resulted in a decline in almost every category of brick-and-mortar spending during the holiday season while new cannabis retailers helped boost what would have been a soft quarter for the food-drug group. Most other sales categories including new cars and business-industrial purchases were also down. Restaurant group gains were modest compared to previous quarters.

Overall, the rise in county pool receipts offset what would have been otherwise, a flat or depressed quarter for most jurisdictions.

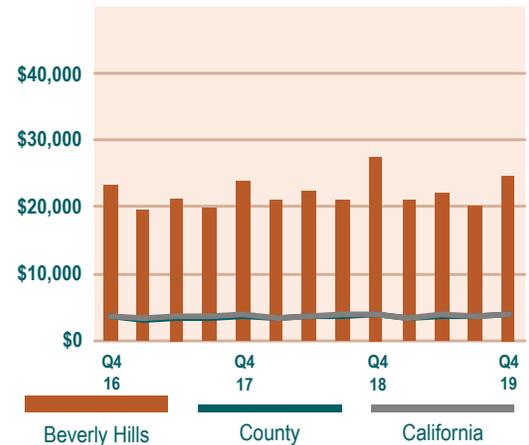
Covid-19

The coronavirus impact will first be seen in next quarter's data reflecting January through March sales. Based on recovery rates being reported in some Asian countries, the virus's disruption of supply chains will be deepest in the first and second quarter and largely resolved by mid-summer. However, recovery from social distancing and home confinements could take longer

with the deepest tax declines expected in the restaurant/hospitality, travel/transportation and brick-and-mortar retail segments. Layoffs and furloughs are also expected to reduce purchases of new cars and other high cost durable goods. The losses from the state's high-tech innovation industries may be more modest while the food-drug and online retail groups could exhibit increases.

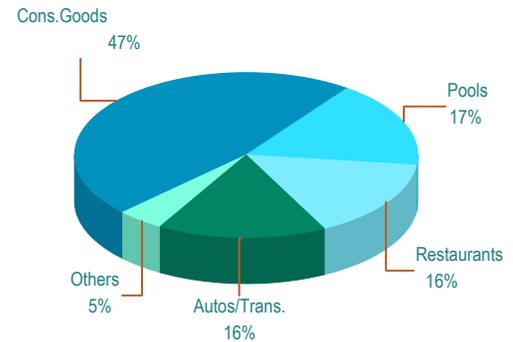
Assuming that the virus is largest contained by the end of September, HdL's economic scenario projects that tax declines will bottom out in the first quarter of 2021 but with only moderate gains for several quarters after. Data from previous downturns suggests that the return to previous spending is not immediate and often evolves. Businesses emerge with ways to operate with fewer employees and more moderate capital investment. Consumers take time to fully get back to previous levels of leisure travel, dining and spending and may permanently transfer to newly discovered services, activities and/or online retail options.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP
Beverly Hills This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

BEVERLY HILLS TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Beverly Hills Q4 '19*	Change	County Change	HdL State Change
Auto Lease	663.7	3.2%	1.3%	3.2%
Casual Dining	234.7	5.6%	4.3%	3.8%
Department Stores	— CONFIDENTIAL —		0.2%	-4.8%
Family Apparel	1,400.2	-6.5%	-1.2%	1.3%
Fine Dining	712.6	0.1%	-0.6%	-2.8%
Home Furnishings	126.0	2.4%	-3.2%	-2.1%
Hotels-Liquor	492.4	-7.2%	1.0%	-0.1%
Jewelry Stores	960.4	26.8%	11.8%	7.7%
Medical/Biotech	90.6	62.9%	-4.0%	-0.9%
Men's Apparel	102.3	-16.9%	-8.4%	-10.4%
New Motor Vehicle Dealers	848.8	-7.8%	-0.9%	-3.4%
Quick-Service Restaurants	90.3	-12.3%	0.6%	1.9%
Second-Hand Stores	86.5	245.5%	7.7%	-5.2%
Specialty Stores	278.9	10.1%	-1.0%	-3.8%
Women's Apparel	428.6	7.0%	-2.4%	-4.8%
Total All Accounts	8,541.9	-10.4%	0.2%	0.2%
County & State Pool Allocation	1,730.3	28.5%	26.7%	26.7%
Gross Receipts	10,272.2	-5.5%	3.8%	4.2%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.