

Q2 2020



Beverly Hills Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

Beverly Hills In Brief

Beverly Hills' receipts from April through June were 36.1% below the second sales period in 2019. However, deferred tax payments from last quarter temporarily exaggerated the cash results. Once these and other reporting aberrations are excluded, actual sales were down 53.7%.

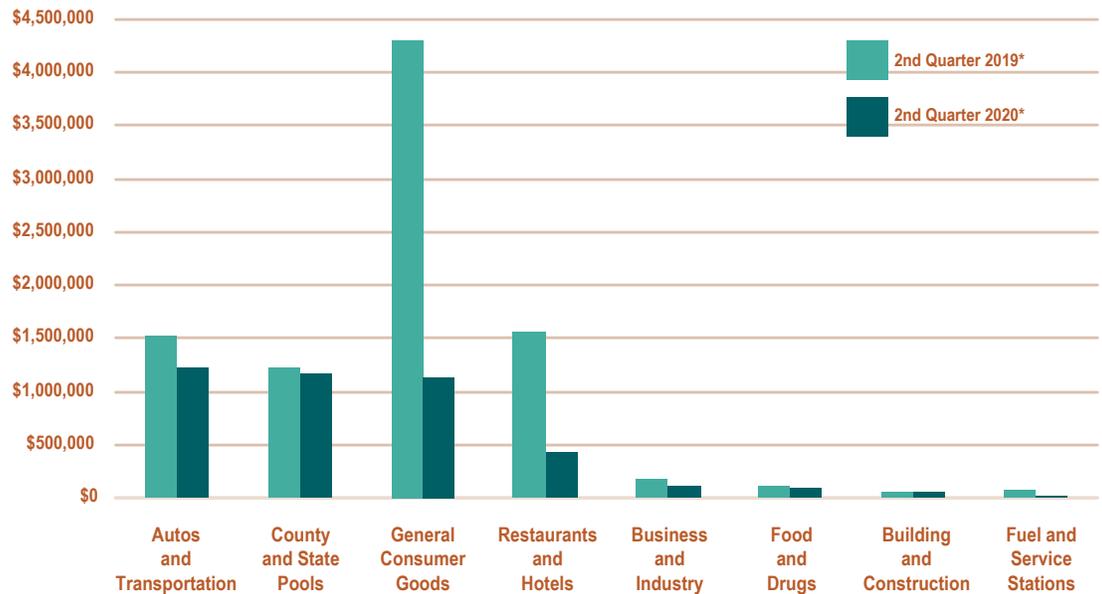
This quarter was dramatically impacted by the economic shutdown resulting from Covid-19 and the shelter-in-place directive.

As expected, large general consumer retailers like family apparel, specialty, jewelry and department stores were immediately hindered. Restaurants depending on indoor services like casual and fine dining establishments along with hotels were also adversely affected. Temporary merchant closures pulled business-industry lower.

Although continued new tax revenue from out-of-state online retailers due to the enactment of AB147 positively impacted the countywide use tax pool, due to the decline in local point of sale returns, allocations from the pool to the City dropped by 5%, further hurting the overall results.

Net of aberrations, taxable sales for all of Los Angeles County declined 22.7% over the comparable time period; the Southern California region was down 18.0%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Audi Beverly Hills	JP Morgan Chase Bank
Audi Leasing	Lamborghini of Beverly Hills
Beverly Hills MD	Louis Vuitton
Beverly Wilshire Hotel	Mercedes Benz of Beverly Hills
Cartier	Neiman Marcus
Christian Dior	Nissan Infiniti
Daimler Trust	Porsche Leasing
Dolce & Gabbana	Rite Aid
Ferrari of Beverly Hills	Saks Fifth Avenue
Financial Services Vehicle Trust	Sandro
Gearys	Tiffany & Co
Gucci	Toyota Lease Trust
Jim Falk Lexus of Beverly Hills	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2018-19	2019-20
Point-of-Sale	\$32,881,837	\$25,414,358
County Pool	4,883,867	5,330,537
State Pool	16,497	13,527
Gross Receipts	\$37,782,201	\$30,758,422

Statewide Results

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

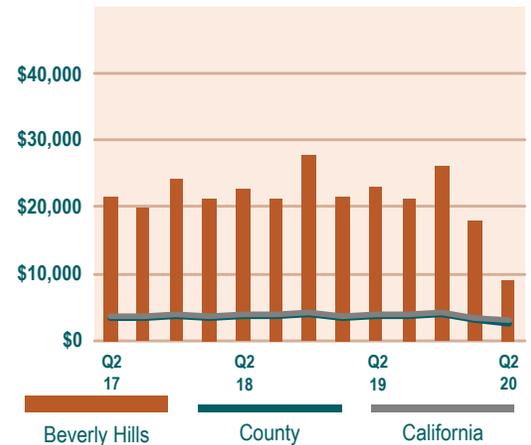
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

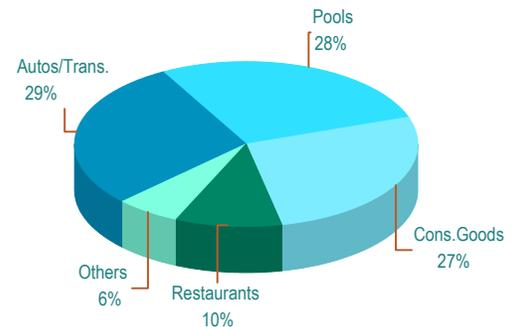
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

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 Q2 '20*	Beverly Hills Change	County Change	HdL State Change
Auto Lease	565.8	-16.3%	-11.9%	-9.2%
Casual Dining	102.5	-55.4%	-56.0%	-53.2%
Contractors	33.9	4.4%	-11.2%	-12.2%
Department Stores	— CONFIDENTIAL —		-80.6%	-79.3%
Drug Stores	40.1	-28.3%	-1.9%	0.1%
Family Apparel	407.6	-70.5%	-67.2%	-66.3%
Fine Dining	160.4	-75.3%	-66.3%	-64.0%
Home Furnishings	54.6	-49.6%	-41.9%	-41.7%
Hotels-Liquor	95.0	-81.1%	-81.9%	-80.1%
Jewelry Stores	201.1	-69.5%	-61.8%	-59.1%
New Motor Vehicle Dealers	604.0	-22.0%	-19.6%	-15.8%
Quick-Service Restaurants	39.0	-61.3%	-26.2%	-22.0%
Specialty Stores	149.6	-41.6%	-37.8%	-36.2%
Transportation/Rentals	32.0	-31.6%	-58.5%	-51.6%
Women's Apparel	52.9	-87.4%	-65.8%	-72.1%
Total All Accounts	3,033.5	-61.3%	-31.2%	-24.0%
County & State Pool Allocation	1,161.0	-4.6%	31.2%	28.9%
Gross Receipts	4,194.5	-53.7%	-22.7%	-16.3%

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