

# Q2 2019



# Beverly Hills Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

## Beverly Hills In Brief

Beverly Hills' receipts from April through June were 3.6% above the second sales period in 2018. Excluding reporting aberrations, actual sales were down 2.2%.

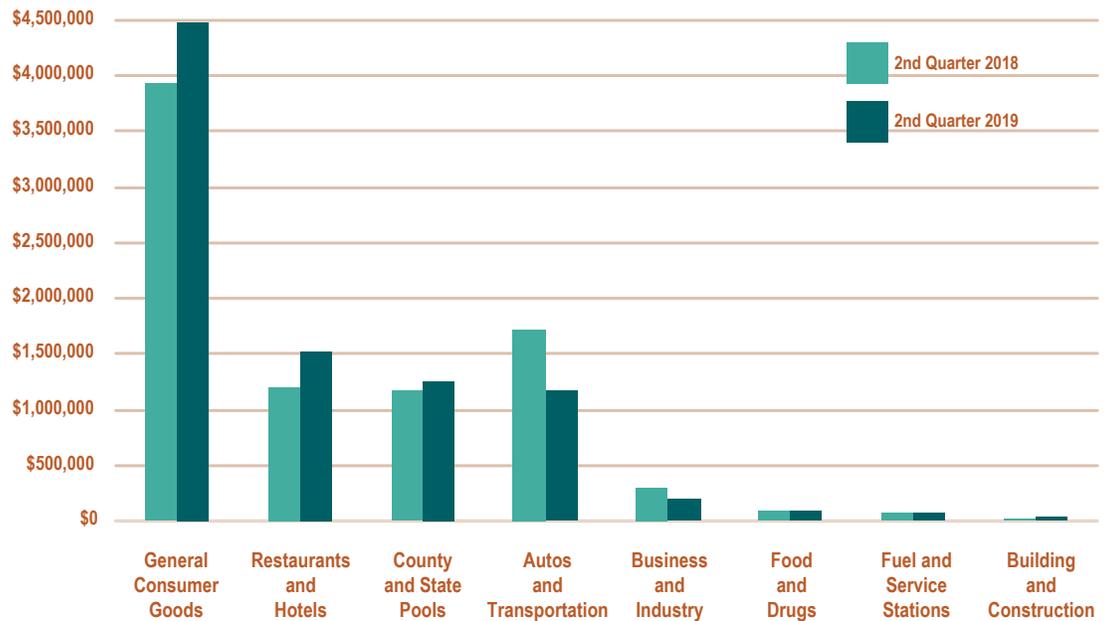
Onetime events including disbursement issues related to the CDTFA's transition to a new reporting system inflated results in general consumer goods. Of note was the temporary spike in department stores which declined 5.5% on an actual basis. Nonetheless, there were higher sales in jewelry stores, apparel and specialty stores.

Similar CDTFA payment anomalies pumped up cash comparisons in the hospitality sector. Actual results outperformed the region boasting a 6.5% gain. This was in large part due to the strength of the fine dining category which was boosted by the recent opening.

The drop in the autos and transportation group was exaggerated by a reporting error and year ago double payments. A onetime allocation that inflated the comparison quarter accounted for the decline in business and industry.

Net of aberrations, taxable receipts for all of Los Angeles County grew 2.6% over the comparable time period; the Southern California region was up 2.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Audi Leasing	Lamborghini of Beverly Hills
Avra Beverly Hills	Louis Vuitton
Barneys	Mastros Steakhouse
Beverly Hills Hotel	Mercedes Benz of Beverly Hills
Beverly Hilton Hotel	Neiman Marcus
Beverly Wilshire Hotel	Porsche Leasing
Cartier	Saks Fifth Avenue
Chanel	Tom Ford
Christian Dior	Toyota Lease Trust
Gearys	Waldorf Astoria
Hermes	Wally's Vinoteca
Jim Falk Lexus of Beverly Hills	XIV Karats
	Yves Saint Laurent

### REVENUE COMPARISON

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

	2017-18	2018-19
Point-of-Sale	\$29,057,615	\$32,881,837
County Pool	4,206,339	4,883,867
State Pool	16,218	16,497
<b>Gross Receipts</b>	<b>\$33,280,171</b>	<b>\$37,782,201</b>

**California Overall**

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter in 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value-priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

**Marketplace Facilitator Act**

Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

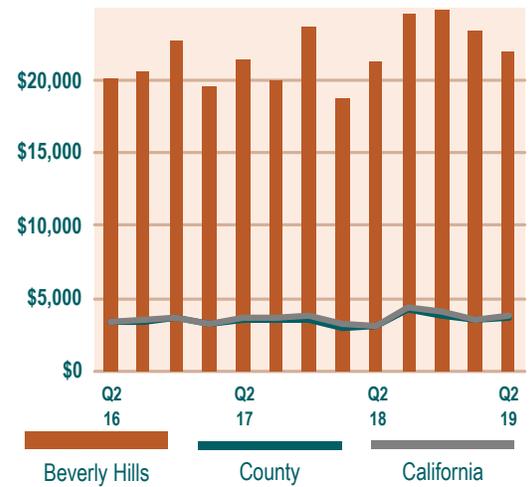
turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

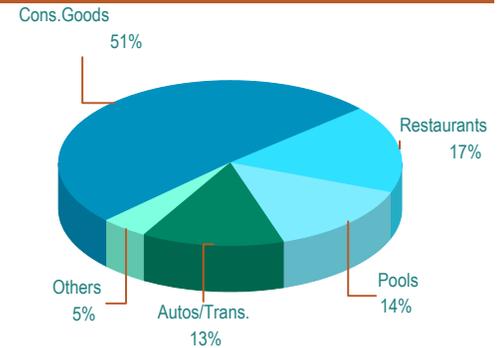
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Beverly Hills This Quarter



**BEVERLY HILLS TOP 15 BUSINESS TYPES**

Business Type	Beverly Hills		County	HdL State
	Q2 '19*	Change	Change	Change
*In thousands of dollars				
Art/Gift/Novelty Stores	— CONFIDENTIAL —			
Auto Lease	525.9	-39.8%	-49.4%	-48.7%
Casual Dining	219.5	10.7%	23.0%	24.5%
Department Stores	1,378.5	24.3%	-19.7%	-24.7%
Family Apparel	1,282.7	-1.2%	43.2%	45.3%
Fine Dining	669.4	43.5%	13.8%	16.5%
Home Furnishings	117.1	16.8%	20.1%	15.6%
Hotels-Liquor	503.5	20.5%	9.3%	15.7%
Jewelry Stores	600.1	22.9%	27.4%	23.1%
Men's Apparel	99.6	-8.5%	16.8%	23.2%
New Motor Vehicle Dealers	585.2	-25.3%	7.5%	5.4%
Quick-Service Restaurants	96.6	8.9%	12.8%	15.8%
Service Stations	73.5	-2.4%	39.6%	51.4%
Specialty Stores	216.3	49.1%	-3.2%	-8.1%
Women's Apparel	423.1	10.0%	4.9%	5.7%
<b>Total All Accounts</b>	<b>7,601.4</b>	<b>3.1%</b>	<b>18.4%</b>	<b>20.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>1,252.9</b>	<b>6.6%</b>	<b>22.4%</b>	<b>22.4%</b>
<b>Gross Receipts</b>	<b>8,854.3</b>	<b>3.6%</b>	<b>19.0%</b>	<b>20.4%</b>