

Q1 2019



Beverly Hills Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

Beverly Hills In Brief

Beverly Hills's receipts from January through March were 26.6% above the first sales period in 2018. However, this comparison is inflated due to CDTFA's transition to a new reporting system in the prior year which temporarily left multiple returns unprocessed. After including the prior remittances and other reporting aberrations, actual sales were still up 1.3%.

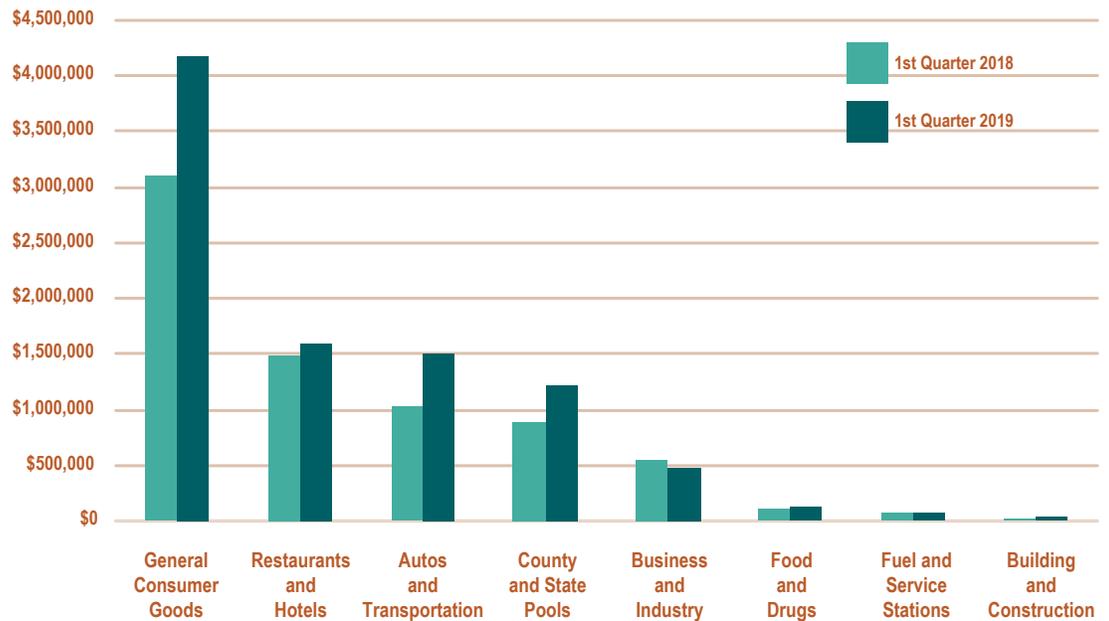
The addition of a new fine dining establishment helped improve interest in eating out positively impacting receipts from restaurants, while solid sales activity was largely responsible for building-construction and business-industry.

These increases in local point of sale revenue and increased capital and online purchases of items shipped into the region boosted allocations from the countywide use tax pool, further contributed to the positive outcome.

In contrast, weak post-holiday returns from multiple categories including jewelry and department stores pulled general consumers lower. Also, sales by new car dealers softened, consistent with the regional trend, hurting the autos group and partially offsetting the gains.

Net of aberrations, taxable sales for all of Los Angeles County grew 0.9% over the comparable time period; the Southern California region was up 0.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2017-18	2018-19
Point-of-Sale	\$21,684,051	\$25,280,400
County Pool	3,033,547	3,634,310
State Pool	13,421	13,177
Gross Receipts	\$24,731,018	\$28,927,887

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

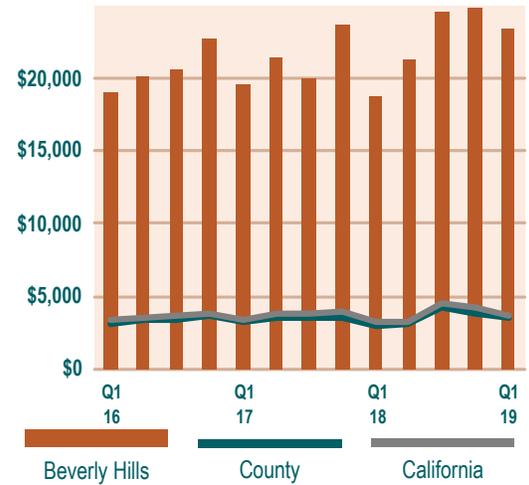
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

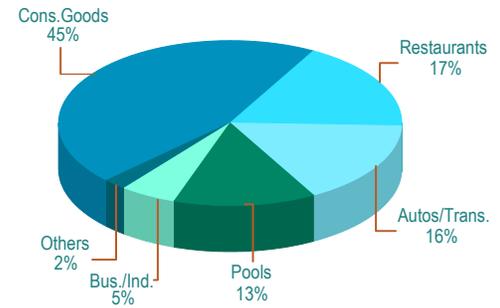
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Beverly Hills This Quarter



BEVERLY HILLS TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Beverly Hills Q1 '19*	Beverly Hills Change	County Change	HdL State Change
Auto Lease	— CONFIDENTIAL —	—	na	na
Business Services	107.5	142.2%	50.4%	65.3%
Casual Dining	237.0	6.6%	14.7%	13.3%
Department Stores	— CONFIDENTIAL —	—	38.4%	35.0%
Family Apparel	1,031.2	1.4%	2.7%	7.1%
Fine Dining	702.9	23.7%	9.6%	10.1%
Home Furnishings	117.4	13.9%	3.1%	3.5%
Hotels-Liquor	518.9	-6.6%	0.8%	2.2%
Jewelry Stores	466.4	32.9%	25.7%	18.2%
Men's Apparel	101.9	36.0%	3.8%	-15.4%
New Motor Vehicle Dealers	843.1	-11.4%	-0.4%	-1.8%
Receivables/Master Outlets	147.2	17.0%	164.3%	202.6%
Specialty Stores	268.1	35.0%	29.5%	23.4%
Textiles/Furnishings	— CONFIDENTIAL —	—	12.1%	15.2%
Women's Apparel	358.6	-1.2%	0.6%	6.6%
Total All Accounts	8,130.7	25.0%	16.5%	13.5%
County & State Pool Allocation	1,222.1	39.1%	29.8%	23.8%
Gross Receipts	9,352.8	26.6%	18.1%	14.9%