

# Q3 2015



# Beverly Hills Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

## Beverly Hills In Brief

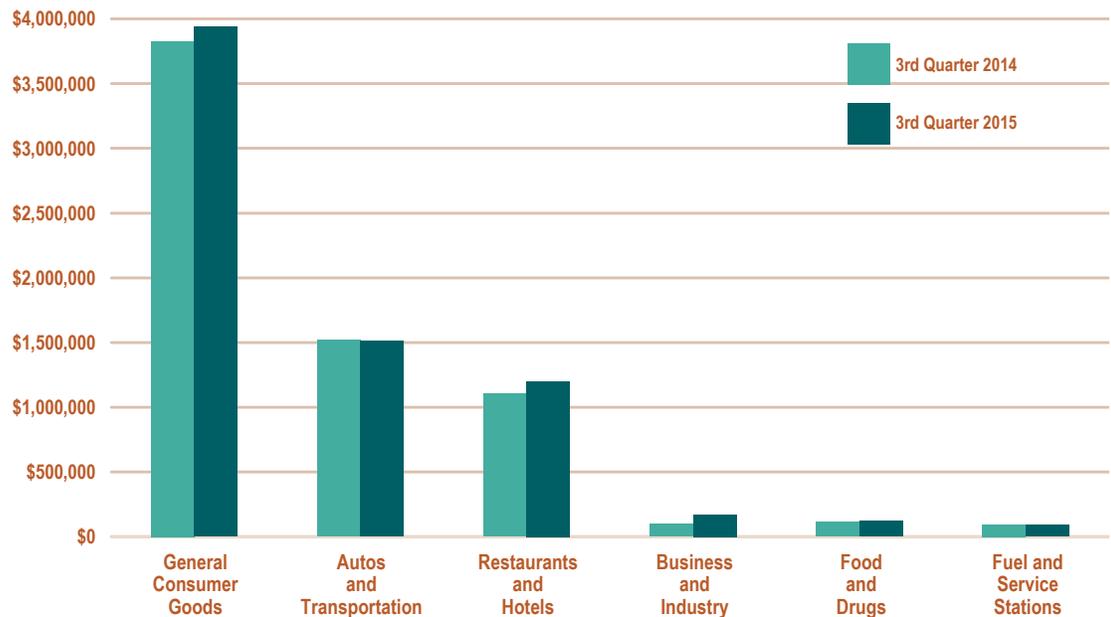
Beverly Hills's receipts from July through September were 3.7% above 2014's third quarter sales.

General consumer totals mainly benefited from solid increases in the department store, family apparel, and home furnishings categories. New business additions contributed to gains in the fine dining segment. A negative accounting adjustment in the comparison quarter caused the outsized gain in the business and industry category. Multiple business types in the food and drug classification showed moderate gains.

Late arriving receipts for sales in prior quarters caused the building and construction drop by inflated results in the comparison period. Lower prices at the pump cut fuel and service station proceeds. Amounts from new motor vehicle dealers edged downward due to a business relocation.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.6% over the comparable time period; the Southern California region was up 3.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Audi Beverly Hills	Louis Vuitton
Audi Leasing	Mastros Steakhouse
Barneys	McLaren
Beverly Hills Hotel	Mercedes Benz
Beverly Hills Porsche	Neiman Marcus
Beverly Hilton	O'Gara Coach
Beverly Wilshire	Porsche Leasing
Cartier	Saks Fifth Ave
Chanel	Toyota Lease Trust
Daimler Trust	XIV Karats
Ferrari	Yves Saint Laurent
Gearys	
Hermes	
Jim Falk Lexus	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$13,483,972	\$13,616,807
County Pool	1,572,523	1,699,780
State Pool	9,713	6,834
<b>Gross Receipts</b>	<b>\$15,066,208</b>	<b>\$15,323,421</b>
Less Triple Flip*	\$(3,766,552)	\$(3,830,855)

\*Reimbursed from county compensation fund

**Statewide Results**

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

**Online Retail Sales Continue to Outpace Brick & Mortar Stores**

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

**New Restrictions on Tax Sharing Agreements**

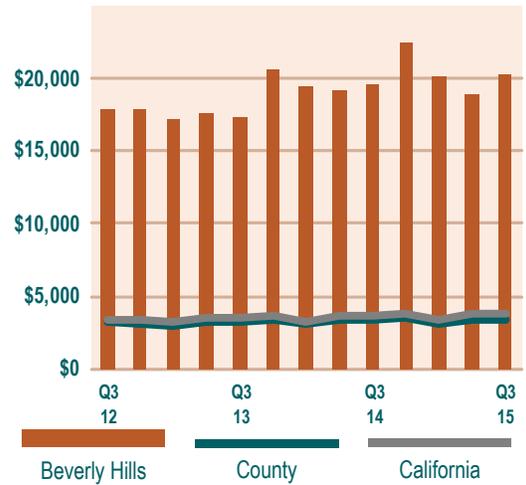
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

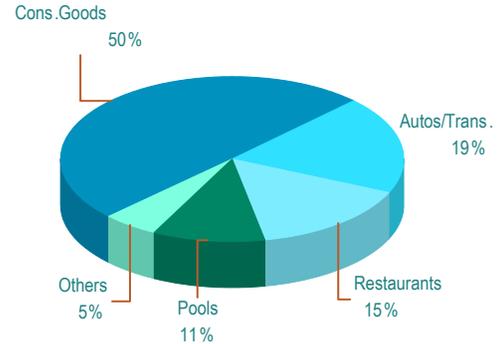
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

**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 Q3 '15*	Change	County Change	HdL State Change
Auto Lease	440.7	17.3%	18.1%	25.6%
Casual Dining	224.3	5.6%	7.0%	5.1%
Department Stores	— CONFIDENTIAL —		-0.1%	-0.6%
Family Apparel	1,003.1	6.0%	3.6%	2.4%
Fine Dining	483.5	20.0%	11.6%	13.0%
Home Furnishings	166.8	17.7%	4.9%	4.9%
Hotels-Liquor	343.0	-1.1%	4.8%	3.4%
Jewelry Stores	429.1	-11.8%	-3.6%	-1.2%
Men's Apparel	114.1	-3.2%	-2.4%	0.1%
New Motor Vehicle Dealers	1,000.0	-7.0%	7.6%	8.2%
Quick-Service Restaurants	111.5	2.0%	5.0%	6.8%
Service Stations	88.5	-6.7%	-9.2%	-11.8%
Shoe Stores	146.7	-7.5%	5.0%	3.6%
Specialty Stores	289.5	21.9%	9.7%	5.9%
Women's Apparel	457.3	-7.5%	0.3%	-1.0%
<b>Total All Accounts</b>	<b>7,059.0</b>	<b>3.6%</b>	<b>2.3%</b>	<b>2.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>848.1</b>	<b>4.5%</b>	<b>3.2%</b>	<b>3.5%</b>
<b>Gross Receipts</b>	<b>7,907.1</b>	<b>3.7%</b>	<b>2.4%</b>	<b>2.4%</b>