

Q1 2014



Beverly Hills Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2014)

Beverly Hills In Brief

Receipts for Beverly Hills's January through March sales were 15.2% higher than the same quarter one year ago. Actual sales activity was up 12.7% when reporting aberrations were factored out.

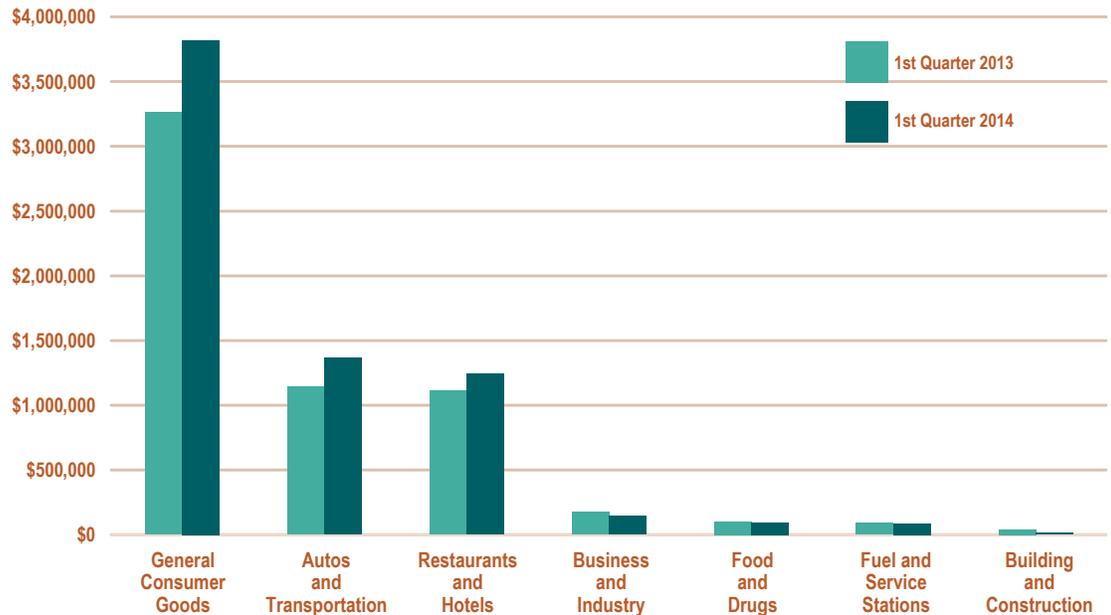
Returns from women's apparel were temporarily inflated by the double-up of a previously late payment. A onetime reporting aberration along with a strong sales quarter increased receipts from new motor vehicle dealers.

The city experienced a strong sales quarter for jewelry stores, family apparel, specialty stores and hotels. Recent additions helped boost revenues from restaurants.

The gains were partially offset by accounting adjustments that inflated year-ago returns and caused the drop in the building and construction sector and business closeouts that reduced receipts from the business and industry group.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 3.5% over the comparable time period, while the Southern California region as a whole was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Audi Beverly Hills	Louis Vuitton
Barneys	Mastros Steakhouse
Beverly Hills Hotel	Mercedes Benz of Beverly Hills
Beverly Hills Porsche	Neiman Marcus
Beverly Hilton Hotel	O'Gara Coach Company
Beverly Wilshire Hotel	Porsche Leasing
Cartier	Prada
Chanel	Saks Fifth Ave
Daimler Trust	Saks Fifth Ave
Ferrari of Beverly Hills	Tiffany & Company
Gearys	Tom Ford
Hermes	XIV Karats
Jim Falk Lexus	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$24,519,286	\$25,906,109
County Pool	2,921,079	3,101,028
State Pool	12,832	17,691
Gross Receipts	\$27,453,196	\$29,024,828
Less Triple Flip*	\$(6,863,299)	\$(7,256,207)

*Reimbursed from county compensation fund

Statewide Results

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

Sales Tax and the Drought

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater

supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

SALES PER CAPITA



BEVERLY HILLS TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Beverly Hills Q1 '14*	Beverly Hills Change	County Change	HdL State Change
Auto Lease	342.2	10.3%	15.9%	14.5%
Casual Dining	209.0	-1.0%	6.3%	6.4%
Department Stores	— CONFIDENTIAL —	—	-3.2%	-5.3%
Family Apparel	859.6	7.8%	-3.7%	-3.3%
Fine Dining	447.1	9.5%	13.4%	13.6%
Home Furnishings	130.2	3.8%	7.2%	6.8%
Hotels-Liquor	437.3	20.1%	10.9%	8.4%
Jewelry Stores	483.2	21.1%	10.9%	9.0%
Men's Apparel	127.6	15.1%	-5.0%	3.4%
New Motor Vehicle Dealers	959.1	22.1%	10.0%	9.3%
Quick-Service Restaurants	107.1	18.8%	4.5%	4.8%
Service Stations	86.1	-2.1%	-3.6%	-1.0%
Shoe Stores	146.4	13.3%	0.9%	2.6%
Specialty Stores	231.5	19.5%	2.7%	3.3%
Women's Apparel	622.5	88.3%	3.7%	-4.5%
Total All Accounts	\$6,764.8	14.4%	1.8%	3.2%
County & State Pool Allocation	\$852.7	22.7%	9.2%	7.7%
Gross Receipts	\$7,617.5	15.2%	2.5%	3.7%