

# Q4 2015



# West Hollywood Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2015)

## West Hollywood In Brief

West Hollywood's receipts from October through December were 3.7% above the fourth sales period in 2014.

Holiday sales in general retail were commensurate with last year with the best results in home furnishings and recent openings in specialty stores and jewelry stores. However, a store closure and lower results in electronics offset these gains.

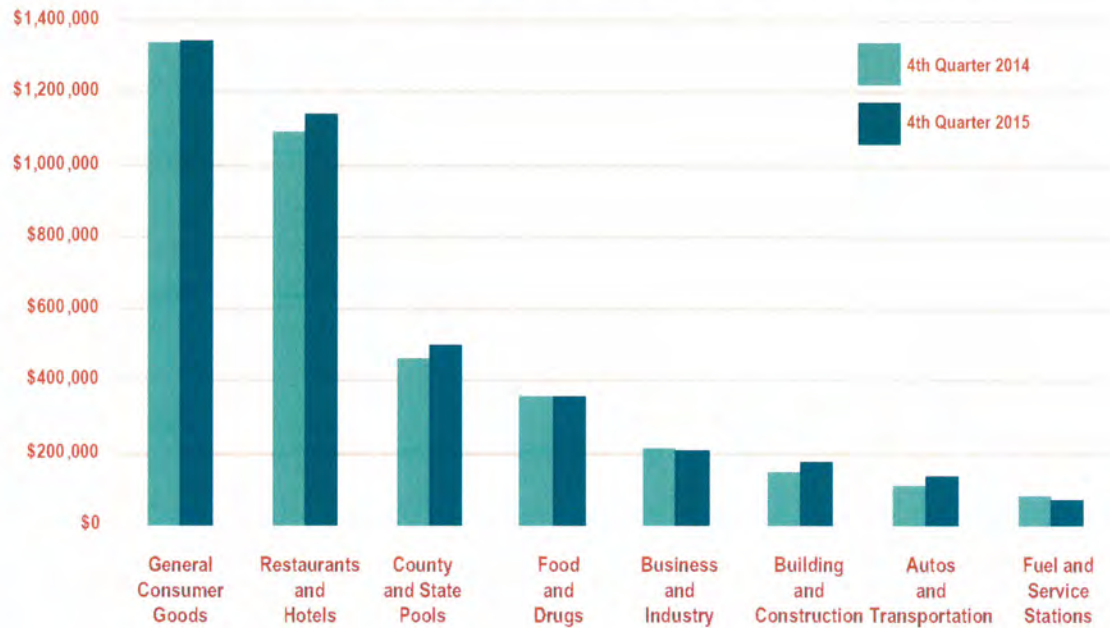
The restaurant and hotels group was distorted by a combination of closeouts, temporary renovations and recent openings. Nonetheless, actual revenues were up 2.8%.

Even though a small share of the local economy, positive results in both building and construction and autos contributed to higher gross receipts compared to a year ago.

Lower prices depressed service stations while temporary payment deviations accounted for the loss in food and drugs.

Net of aberrations, taxable sales for all of Los Angeles County grew 1.4% over the comparable time period; the Southern California region was up 2.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

1 Oak	John Varvatos
Best Buy	Magnolia Hi Fi
BOA Steakhouse	Maxfield Bleu
Boxwood at the London	Pavillions
Bristol Farms	Ralphs
Cecconis	Ralphs
Christian Louboutin	Richard Hallberg Interior Design
CVS	Schiff Fine Art
Diva	Soho House
EP & LP	Target
Gelsons Market	The Abbey
Gracias Madre	Whole Foods Market
Hornburg Jaguar	

## REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$9,911,385	\$10,237,106
County Pool	1,224,937	1,344,337
State Pool	8,429	11,324
<b>Gross Receipts</b>	<b>\$11,144,751</b>	<b>\$11,592,767</b>
Less Triple Flip*	\$(2,786,188)	\$(2,898,192)

\*Reimbursed from county compensation fund

NOTES

**California Overall**

Excluding accounting aberrations, local sales and use tax receipts from the fourth quarter of 2015 ended 2.6% above 2014's holiday quarter.

Solid returns for autos, RVs, building materials and most categories of restaurants were the primary contributors to the statewide increase. The growth in online shopping for merchandise shipped from out-of-state continued to raise countywide use tax allocation pool revenues.

The gains were largely offset by a 13.2% drop in tax receipts from service stations and other fuel-related expenditures. Except for value price clothing and shoes, most categories of general consumer goods were flat or down, reflecting heavy price discounting to reduce excess holiday inventories and the impact of the strong dollar on international tourist spending.

With some exceptions, particularly in the areas of computers and agricultural chemicals, overall receipts from business and industrial expenditures were also down primarily due to cutbacks in capital spending by energy producers and manufacturers of exported goods, equipment and raw materials.

Intense competition and price pressures resulted in only modest gains in receipts from grocers and pharmacists with the largest increase in this group coming from liquor stores and marijuana dispensaries.

HdL's most recent economic consensus forecast anticipates similar modest gains through 2016 with an eventual peak in auto sales replaced by strong sales of building and construction materials for home improvement and new housing. A recovery in tax receipts from fuel is not expected until the end of the year.

**The Triple Flip Is Over!**

Beginning with taxes collected in January and forward, local governments will again receive their full share of Bradley-Burns sales and use tax reve-

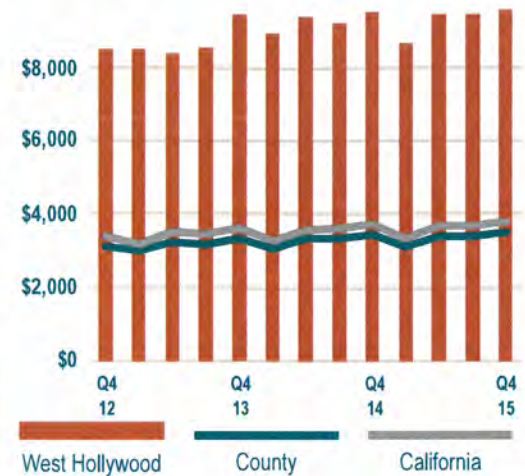
nues thus ending an eleven-year program known as the Triple Flip.

The program began in 2004 when voters approved a \$15 billion bond issue to cover operating deficits resulting from a combination of that year's economic downturn plus failure to offset the loss of revenue from the Governor's popular reduction in the 65-year-old, 2% Motor Vehicle In-Lieu Tax.

The State retained 25% of local sales tax to guarantee the bonds, reimbursed local governments from monies meant for schools and replaced the money taken from schools with state general funds thus creating what became known as the Triple Flip. The financing scheme resulted in interest payments totaling \$4.8 billion, plus another \$200 million in administrative fees while creating new budget challenges for local governments.

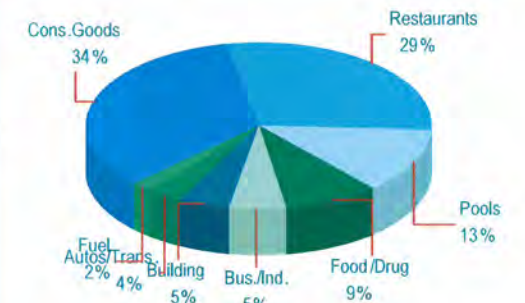
It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

West Hollywood This Quarter



**WEST HOLLYWOOD TOP 15 BUSINESS TYPES**

*\*In thousands of dollars*

Business Type	West Hollywood		County	HdL State
	Q4 '15*	Change	Change	Change
Casual Dining	544.5	7.7%	9.1%	6.1%
Contractors	107.9	32.3%	12.3%	11.2%
Discount Dept Stores	— CONFIDENTIAL —		3.8%	3.0%
Electronics/Appliance Stores	219.4	-1.8%	-2.7%	0.6%
Family Apparel	238.4	4.3%	7.0%	3.8%
Fine Dining	296.2	5.1%	6.9%	7.7%
Grocery Stores Beer/Wine	77.6	8.5%	3.2%	1.7%
Grocery Stores Liquor	153.9	-7.7%	0.8%	0.5%
Home Furnishings	297.8	8.6%	-2.0%	2.0%
Hotels-Liquor	111.8	-6.8%	2.2%	3.7%
Leisure/Entertainment	82.7	13.3%	3.4%	10.3%
New Motor Vehicle Dealers	— CONFIDENTIAL —		7.6%	7.9%
Service Stations	72.5	-13.6%	-9.8%	-10.4%
Specialty Stores	122.4	8.4%	7.5%	4.3%
Textiles/Furnishings	100.8	-16.3%	3.0%	12.3%
<b>Total All Accounts</b>	<b>3,444.8</b>	<b>3.0%</b>	<b>1.6%</b>	<b>2.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>503.1</b>	<b>8.7%</b>	<b>7.2%</b>	<b>10.8%</b>
<b>Gross Receipts</b>	<b>3,947.9</b>	<b>3.7%</b>	<b>2.3%</b>	<b>3.5%</b>