

# Q3 2013



# West Hollywood Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

## West Hollywood In Brief

Receipts for West Hollywood's July through September sales were 2.6% higher than the same quarter one year ago. Actual sales activity was up 5.6% when reporting aberrations were factored out.

The gain in both business and industry and building-related sectors was inflated by temporary payment deviations. Nonetheless, sales activity rose in contractors and textiles/furnishings.

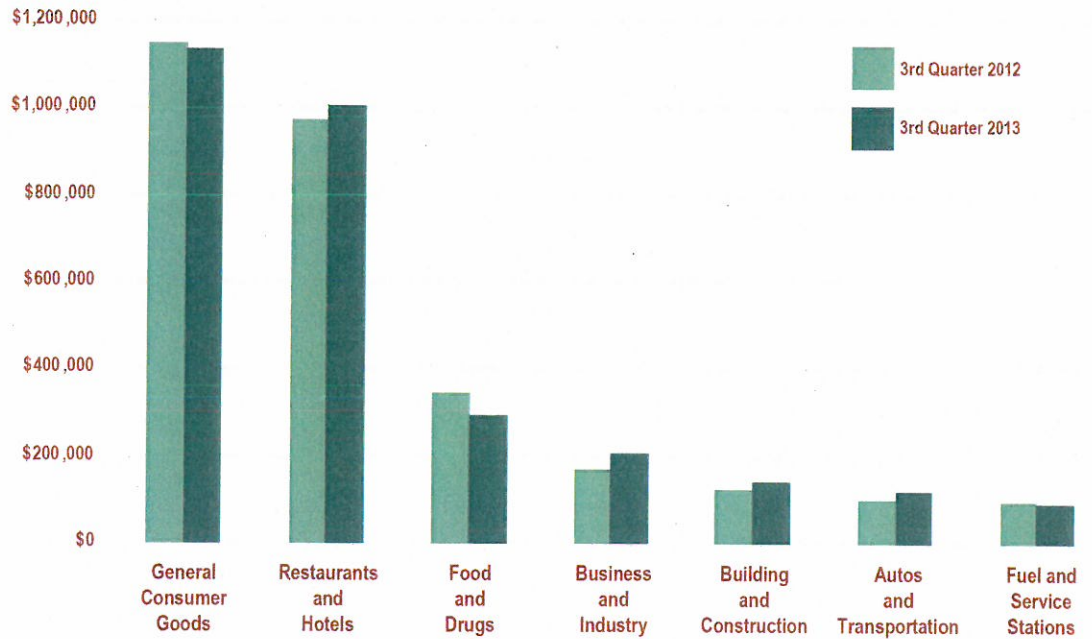
New eateries accounted for the rise in restaurants and hotels while revenues were up in autos and transportation. An increase in the county-wide use tax allocation pool contributed to higher gross receipts compared to last year.

Recent openings in general consumer goods helped to partially offset onetime anomalies and the impact of new stores in the region. Once adjusted for onetime events, this sector was up 1.9%.

Payment issues that inflated the year-ago period exaggerated the loss in the food and drug group.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 4.5% over the comparable time period, while the Southern California region as a whole was up 5.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Best Buy	Pavillions
BOA Steakhouse	Riva Bella
Cecconis	Saddle Ranch Chop House
Christian Louboutin	Shell
Connie & Teds	Soho House
CVS Pharmacy	Steinway & Sons
Diva	Target
Emser Tile	Tesoro Refining & Marketing
Gelsons Market	The Abbey
Hornburg Jaguar	The London West Hollywood
Janus Et Cie	Whole Foods Market
John Varvatos	
Maxfield Bleu	
Mondrian/Asian de Cuba/Sky Bar	

### REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$5,823,852	\$5,941,091
County Pool	660,533	667,508
State Pool	1,806	3,157
<b>Gross Receipts</b>	<b>\$6,486,192</b>	<b>\$6,611,757</b>
<b>Less Triple Flip*</b>	<b>\$(1,621,548)</b>	<b>\$(1,652,939)</b>

\*Reimbursed from county compensation fund

## Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

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

## Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

## Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic up-dates.

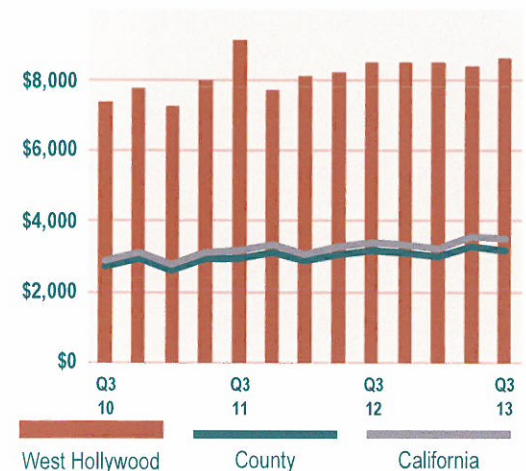
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

## Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-line shopping would account for

up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

## SALES PER CAPITA



## WEST HOLLYWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	West Hollywood Q3 '13*	Change	County Change	HdL State Change
Casual Dining	467.1	5.7%	1.8%	1.9%
Contractors	58.8	43.5%	7.3%	11.2%
Discount Dept Stores	— CONFIDENTIAL —	—	-10.8%	-8.2%
Electronics/Appliance Stores	170.8	-5.3%	3.4%	4.2%
Family Apparel	155.0	3.7%	6.6%	5.6%
Fine Dining	291.9	7.6%	13.0%	11.3%
Grocery Stores Liquor	165.2	-20.0%	-20.5%	-9.8%
Home Furnishings	249.6	3.3%	7.7%	10.3%
Hotels-Liquor	106.1	-21.3%	-22.2%	-13.3%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	9.1%	12.8%
Quick-Service Restaurants	75.2	1.6%	3.9%	4.1%
Service Stations	93.0	-3.3%	-1.2%	-1.5%
Specialty Stores	89.2	-10.0%	6.1%	7.7%
Textiles/Furnishings	132.4	25.5%	1.5%	-1.8%
Women's Apparel	58.3	3.8%	6.7%	1.1%
<b>Total All Accounts</b>	<b>\$3,003.9</b>	<b>1.5%</b>	<b>1.4%</b>	<b>2.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$361.5</b>	<b>12.2%</b>	<b>12.1%</b>	<b>12.5%</b>
<b>Gross Receipts</b>	<b>\$3,365.4</b>	<b>2.6%</b>	<b>2.4%</b>	<b>3.5%</b>