

Q2 2015



West Hollywood Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

West Hollywood In Brief

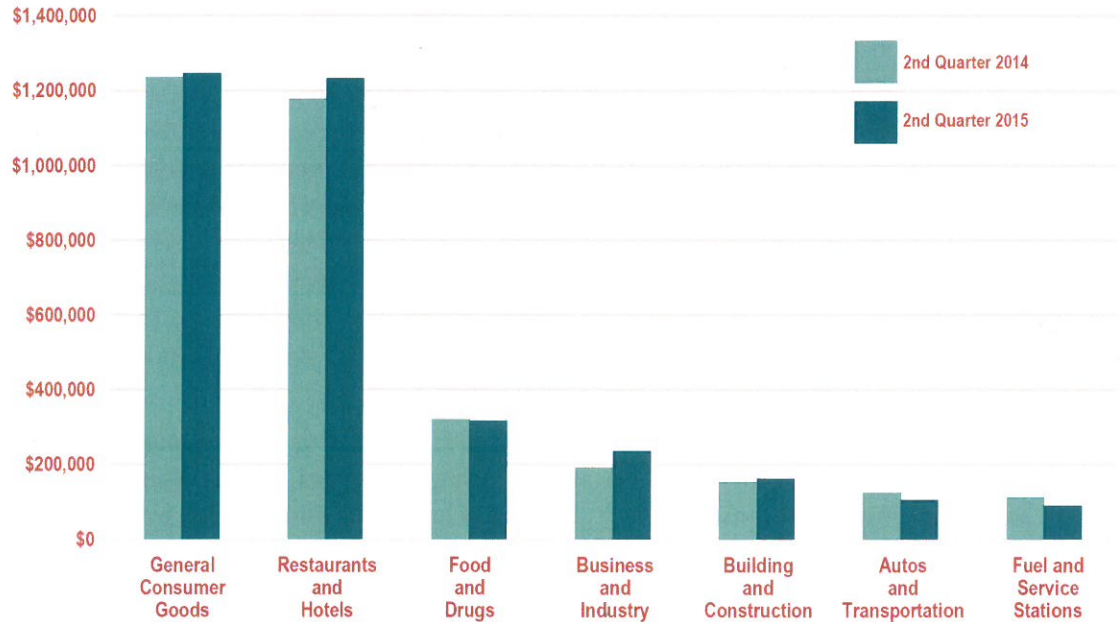
West Hollywood's allocation of sales and use tax from its April through June sales was 3.7% higher than the same quarter one year ago.

A combination of recent additions and solid sales activity within the restaurant, home furnishings and contractor supply categories were primarily responsible for the increase. Onetime purchases of business equipment and a rise in the countywide use tax allocation pool were also factors.

The gains were partially offset by declining fuel prices and a generally soft quarter for some categories of auto related sales, apparel and general consumer goods. The jump in electronics/appliances was an accounting anomaly. Actual sales receipts from this category were slightly lower than the comparable quarter of 2014.

Adjusted for aberrations, sales and use tax receipts for all of Los Angeles County increased 2.6% over the comparable time period while Southern California as a whole, was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

1 Oak	Pavillions
Best Buy	Ralphs
BOA Steakhouse	Ralphs
Boxwood at the London	Shell
Bristol Farms	Soho House
Cecconis	Sunset Tower & Tower Bar
Christian Louboutin	Target
Diva	Tesoro Refining & Marketing
Emser Tile	The Abbey
Gracias Madre	Waterworks
Hornburg Jaguar	Whole Foods Market
Janus Et Cie	Yuanda USA
Maxfield Bleu	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$3,311,999	\$3,388,966
County Pool	380,043	440,807
State Pool	2,509	2,853
Gross Receipts	\$3,694,552	\$3,832,625
Less Triple Flip*	\$(923,638)	\$(958,156)

*Reimbursed from county compensation fund

Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

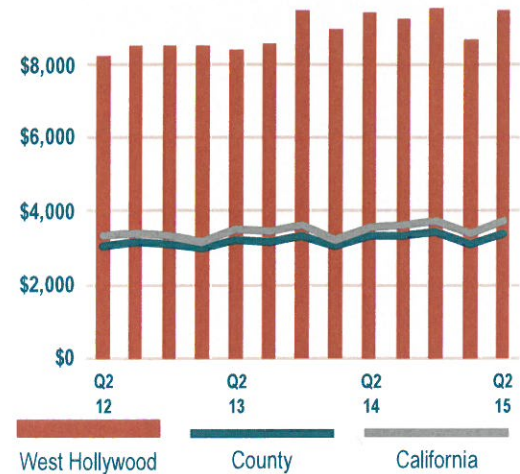
Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

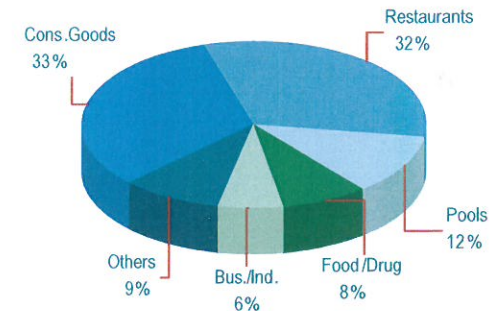
The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
West Hollywood This Quarter



WEST HOLLYWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	West Hollywood Q2 '15*	West Hollywood Change	County Change	HdL State Change
Casual Dining	599.4	5.9%	5.9%	6.1%
Contractors	94.8	41.1%	9.9%	8.8%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.4%	-0.1%
Electronics/Appliance Stores	164.8	25.8%	-4.9%	-1.5%
Family Apparel	207.1	3.4%	4.8%	2.8%
Fine Dining	288.0	3.0%	10.6%	12.0%
Grocery Stores Beer/Wine	71.8	6.6%	4.5%	2.1%
Grocery Stores Liquor	129.8	3.3%	2.7%	3.6%
Home Furnishings	341.7	12.5%	-2.2%	7.5%
Hotels-Liquor	125.5	5.3%	0.1%	3.0%
Leisure/Entertainment	92.5	-5.0%	18.9%	12.5%
Quick-Service Restaurants	94.6	15.3%	8.2%	9.2%
Service Stations	90.3	-19.5%	-15.7%	-11.7%
Specialty Stores	104.9	-5.3%	6.8%	5.6%
Textiles/Furnishings	120.8	-0.1%	4.5%	8.4%
Total All Accounts	3,389.0	2.3%	1.8%	2.8%
County & State Pool Allocation	443.7	16.0%	15.4%	11.8%
Gross Receipts	3,832.6	3.7%	3.2%	3.8%