

# Q1 2016



# West Hollywood Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

## West Hollywood In Brief

West Hollywood's receipts from January through March were 5.3% above the first sales period in 2015. Excluding reporting aberrations, actual sales were up 1.5%.

The increase in general consumer goods was due to a onetime deduction that understated year-ago returns. Store closeouts impacted family apparel while sales activity dipped in electronics/appliance stores. Nonetheless, a recent opening boosted specialty stores.

Multiple non-recurring events inflated positive results in restaurants. Recent openings in casual dining and fine dining offset reductions from closeouts. However, overall adjusted returns of 8.0% outpaced regional trends.

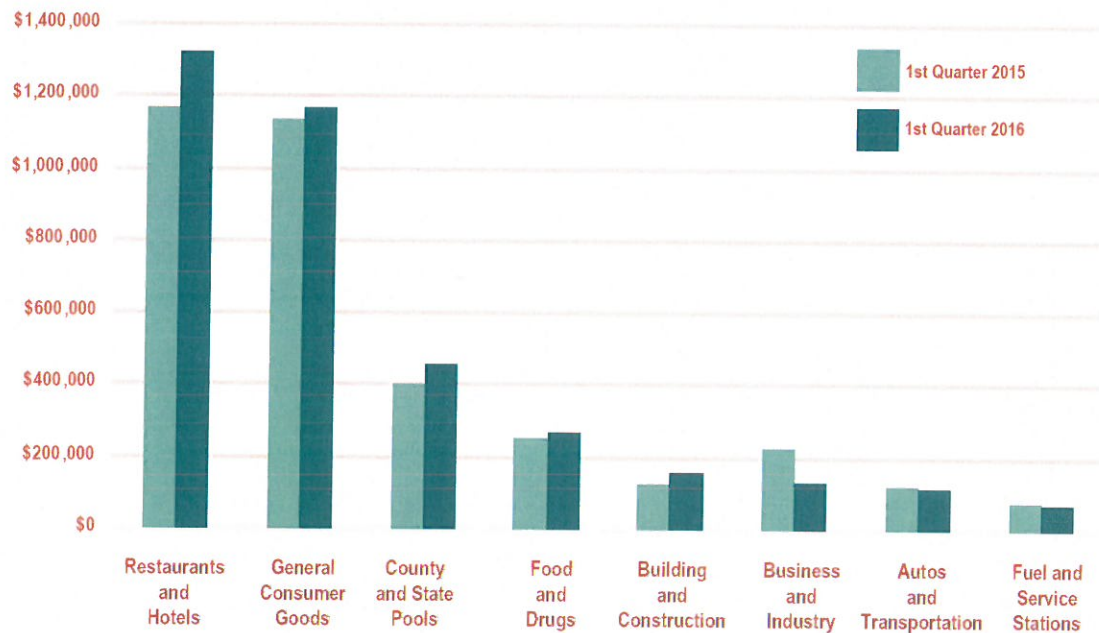
Food and drugs posted a gain of 3.2% once onetime events were removed while building-related sectors showed particularly strong performance.

A deduction to correct a prior error was the lion's share of the drop in building and industry.

The increase in the countywide use tax allocation pool contributed to the overall gain in gross receipts.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.7% over the comparable time period; the Southern California region was up 3.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

1 Oak	Hornburg Jaguar
Best Buy	John Varvatos
BOA Steakhouse	Katana
Bootsy Bellows	Madeo Restaurant
Boxwood at the London	Maxfield Bleu
Bristol Farms	Pavillions
Cecconis	Soho House
Christian Louboutin	Sunset Tower Hotel
Craigs	Sur Restaurant
CVS	Target
Emser Tile	The Abbey
Gelson's Markets	Whole Foods Market
Gracias Madre	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$13,026,459	\$13,483,097
County Pool	1,628,537	1,806,567
State Pool	8,491	9,225
<b>Gross Receipts</b>	<b>\$14,663,487</b>	<b>\$15,298,889</b>
Less Triple Flip*	\$(3,665,872)	\$(2,898,192)

\*Reimbursed from county compensation fund

**California Overall**

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

**Robust Growth in Online Sales**

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

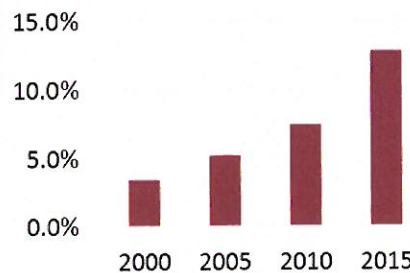
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

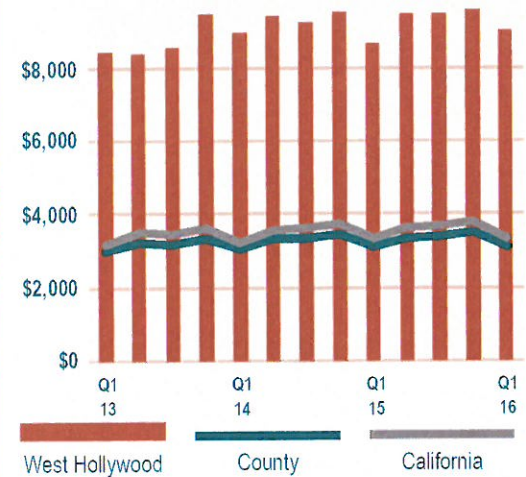
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

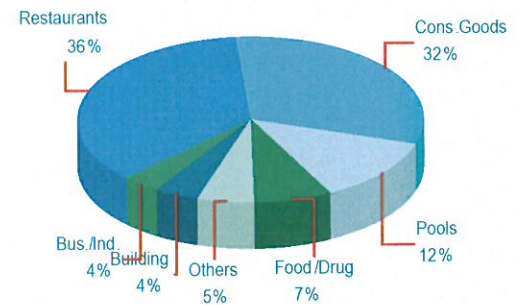
**Online General Consumer Goods  
YOY Percentage Growth**



**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP  
West Hollywood This Quarter**



**WEST HOLLYWOOD TOP 15 BUSINESS TYPES**

Business Type	<i>*In thousands of dollars</i>			
	West Hollywood Q1 '16*	West Hollywood Change	County Change	HdL State Change
Casual Dining	597.3	11.5%	8.0%	5.7%
Contractors	87.9	45.6%	6.5%	3.3%
Discount Dept Stores	— CONFIDENTIAL —		-0.9%	-0.3%
Electronics/Appliance Stores	170.3	-2.8%	2.8%	2.8%
Family Apparel	196.9	-12.2%	1.9%	-0.7%
Fine Dining	356.0	18.7%	5.9%	7.0%
Grocery Stores Beer/Wine	77.4	8.7%	0.0%	-1.6%
Grocery Stores Liquor	81.0	2.2%	0.7%	1.6%
Home Furnishings	276.2	-9.2%	-3.2%	3.0%
Hotels-Liquor	147.9	46.9%	7.1%	4.0%
Leisure/Entertainment	95.8	-10.9%	-3.3%	3.8%
Quick-Service Restaurants	76.4	-5.1%	4.8%	6.4%
Service Stations	72.2	-8.3%	-7.4%	-9.3%
Specialty Stores	124.7	19.2%	5.9%	3.5%
Textiles/Furnishings	91.0	-11.7%	-0.9%	10.1%
<b>Total All Accounts</b>	<b>3,246.0</b>	<b>4.2%</b>	<b>1.7%</b>	<b>1.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>460.1</b>	<b>14.0%</b>	<b>11.3%</b>	<b>14.1%</b>
<b>Gross Receipts</b>	<b>3,706.1</b>	<b>5.3%</b>	<b>2.8%</b>	<b>3.2%</b>