

Q1 2015



West Hollywood Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

West Hollywood In Brief

Receipts for West Hollywood's January through March sales were 0.6% lower than the same quarter one year ago. Actual sales activity was up 2.7% when reporting aberrations were factored out.

A retroactive deduction to correct a prior error accounted for the loss in general consumer goods and depressed overall gross receipts. This group dipped 0.2% once this deduction and other deviations were removed. New stores in several sectors including home furnishings offset lower returns in electronics and shoe stores.

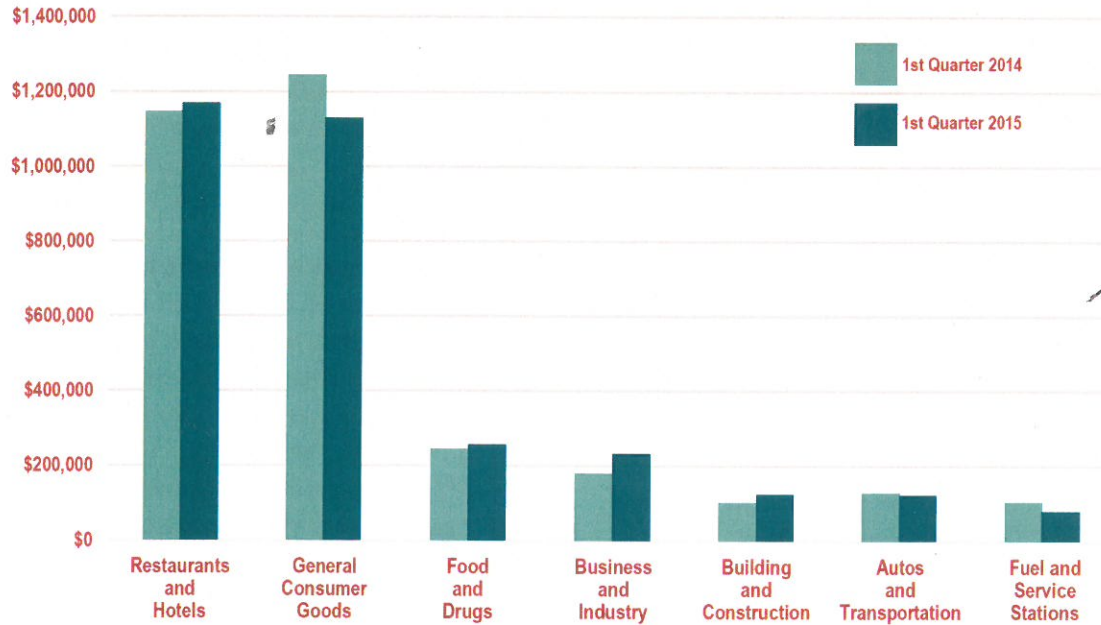
Overall gains in restaurants and hotels lagged regional trends with temporary payment anomalies causing the double digit drop in hotels with liquor. This classification rose 8.5% on an actual basis.

Onetime events boosted already positive results in business and industry while the rise in building-related sectors was inflated by multiple payment deviations. Food and drugs outperformed county and state results.

Lower fuel prices reduced service station receipts.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 3.0% over the comparable time period, while the Southern California region as a whole was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

1 Oak	Kitson
Best Buy	Maxfield Bleu
BOA Steakhouse	Pavillions
Boxwood at the London	Soho House
Bristol Farms	Sothebys
Cecconis	Sunset Tower & Tower Bar
Christian Louboutin	Target
Club 7969	Tesoro Refining & Marketing
Diva	The Abbey
Gelsons Market	Waldos Designs
Gracias Madre	Waterworks
Hornburg Jaguar	Whole Foods Market
Kathleen Clements Design	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$12,403,587	\$13,026,459
County Pool	1,483,079	1,628,537
State Pool	8,400	8,491
Gross Receipts	\$13,895,066	\$14,663,487
Less Triple Flip*	\$(3,473,766)	\$(3,665,872)

*Reimbursed from county compensation fund

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California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

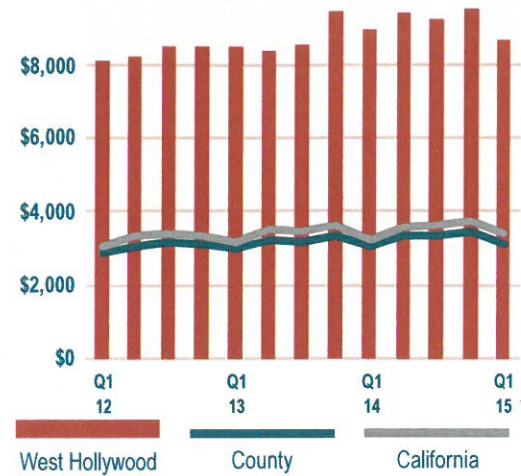
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

Tax on Marijuana

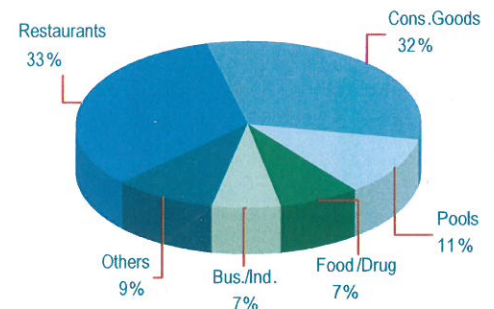
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

West Hollywood This Quarter



WEST HOLLYWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	West Hollywood Q1 '15*	West Hollywood Change	County Change	HdL State Change
Casual Dining	560.4	1.9%	4.9%	5.1%
Discount Dept Stores	— CONFIDENTIAL —	—	4.3%	4.2%
Electronics/Appliance Stores	175.1	-2.3%	-6.1%	-0.9%
Family Apparel	218.7	0.9%	8.6%	9.8%
Fine Dining	301.3	9.1%	17.0%	17.2%
Grocery Stores Beer/Wine	71.2	8.4%	1.9%	-3.4%
Grocery Stores Liquor	— CONFIDENTIAL —	—	6.4%	5.0%
Home Furnishings	298.7	17.1%	12.6%	8.3%
Hotels-Liquor	74.4	-32.0%	2.7%	9.5%
Leisure/Entertainment	107.5	2.8%	24.2%	10.5%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	8.4%	11.1%
Quick-Service Restaurants	89.8	20.0%	10.3%	10.9%
Service Stations	78.7	-23.2%	-21.9%	-21.9%
Specialty Stores	103.8	1.2%	8.7%	10.1%
Textiles/Furnishings	108.2	-1.8%	10.2%	7.0%
Total All Accounts	\$3,115.1	-0.9%	3.0%	3.6%
County & State Pool Allocation	\$403.7	1.8%	5.9%	1.1%
Gross Receipts	\$3,518.7	-0.6%	3.3%	3.3%