

# Q1 2010



# West Hollywood Sales Tax Update

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2010)

## West Hollywood In Brief

Receipts from January – March sales were 2.5% higher than the same period last year.

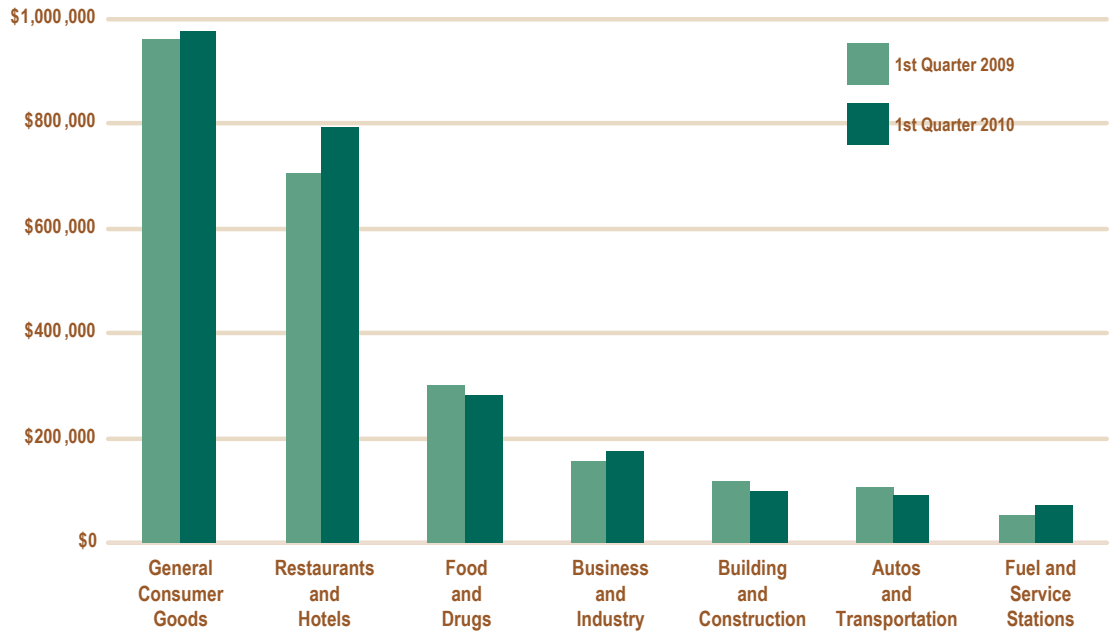
Multiple payment deviations accounted for the increase in General Consumer Goods. Nonetheless there were gains in family apparel and specialty stores. The biggest losses were in the women's apparel and electronics/appliance store categories.

New eateries were the major contributor to the rise in Restaurants & Hotels as a whole. Sales activity was strong in office supplies/furniture while higher prices boosted returns in service stations.

A reporting deviation caused the decrease in Food & Drugs. Lower sales hampered receipts in both Building & Construction and Autos & Transportation.

Adjusted for reporting aberrations, taxable sales for all of Los Angeles County and its cities gained 0.3% over the comparable time period while Southern California as a whole was up 0.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Abbey Food & Bar	House of Blues
Asia de Cuba	Katana
Best Buy	Koontz Hardware
Beverages & More	La Ceconis
Boa	London West Hollywood
Bristol Farms	Madeo Restaurant
CVS Pharmacy	Maxfield Bleu
Gelsons Market	Saddle Ranch Chop House
Gordon Ramsay The London Of West Hollywood	Target
Guys & Dolls	Trader Joes
Herman Miller Workplace Resource	Vons
Hornburg Jaguar	Whole Foods Market
	World Oil Marketing

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$11,231,323	\$10,105,980
County Pool	1,261,460	1,063,289
State Pool	5,458	8,809
<b>Gross Receipts</b>	<b>\$12,498,241</b>	<b>\$11,178,078</b>
<b>Less Triple Flip*</b>	<b>\$(3,124,560)</b>	<b>\$(2,794,520)</b>

\*Reimbursed from county compensation fund

**Statewide Results**

Adjusted for accounting aberrations, California's local sales and use tax revenues from the first quarter of 2010 were 1.1% higher than the same quarter one year ago. This marks the first year-over-year gain in statewide sales in two and one-half years.

For most agencies, the increase came almost exclusively from the 33% recovery in fuel prices since first quarter 2009. An early Easter also helped boost receipts from discount department stores and value priced apparel while year-end bonuses, the prior stock market rally and manufacturer incentives produced auto sales gains in some high income communities.

Geographically, the central and northern coastal areas of California did better than the rest of the state. However, the only solid across-the-board increases occurred in a few areas surrounding the technology centers of Silicon Valley.

**Projections for a Tepid Recovery Continue**

Statewide, declines in local sales and use tax revenues are generally thought to have "bottomed out" and expectations are for moderate gains in local allocations over the next two quarters. Rising fuel prices, stimulus rebates for energy-related purchases, inventory rebuilding by retailers and manufacturers and a temporary slump in consumer savings to satisfy pent up demand are all expected to have a positive impact on revenues.

Aggressive manufacturer incentives are also projected to improve new car sales over the next few quarters although the taxable values of the units sold will be far less than at the peak of the credit bubble when 40% of all California new car sales were financed from home equity loans which had encouraged more expensive purchases. However the increases are anticipated to taper off in the last half of the fis-

cal year as inventory rebuilding winds down and various federal stimulus and tax incentive programs are phased out. Overall year-end gains are expected to be modest except in jurisdictions benefitting from new development or specific business/retail segments.

The current consensus is that California's fiscal problems, high unemployment and a continued slump in construction activity make significant recovery in tax revenues unlikely before 2012-2013.

**Local Add-On Sales Tax Measures Approved**

All six proposals for sales tax add-ons were approved in June as voters continued to exhibit an openness to financing services in their immediate communities where they have more input and control.

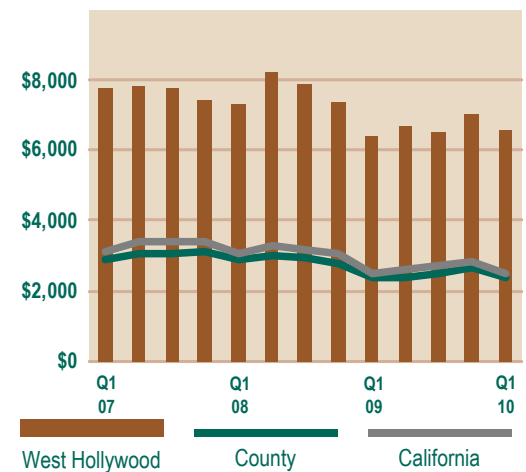
New taxes were approved in the cities of Calexico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

This brings the number of agencies

with one or more "transactions tax" districts to 78 cities and 27 counties. While sales tax is collected on all purchases and allocated to where the sale is negotiated, the local "transactions tax" is collected and distributed for purchases in only the levying jurisdiction where the goods are delivered, consumed or registered.

A dozen agencies are considering similar measures for the November 2010 ballot.

**SALES PER CAPITA**



**WEST HOLLYWOOD TOP 15 BUSINESS TYPES**

Business Type	West Hollywood		County	HdL State
	Q1 '10*	Change	Change	Change
Restaurants Liquor	\$557.6	13.5%	4.8%	5.0%
Discount Dept Stores	— CONFIDENTIAL —		5.1%	4.9%
Home Furnishings	184.7	6.2%	-1.7%	-1.8%
Electronics/Appliance Stores	162.6	-12.4%	-9.3%	-5.9%
Grocery Stores Liquor	114.4	-9.1%	-11.8%	-3.6%
Specialty Stores	104.5	18.5%	-4.6%	-3.7%
Textiles/Furnishings	99.1	1.8%	5.3%	-9.4%
Family Apparel	98.3	37.2%	15.1%	13.7%
Restaurants No Alcohol	88.0	0.1%	-0.1%	-3.3%
Restaurants Beer And Wine	74.2	-6.8%	-7.6%	-6.0%
Hotels-Liquor	74.1	61.9%	2.8%	-6.0%
Service Stations	69.4	29.2%	29.3%	28.0%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-3.0%	0.0%
Grocery Stores Beer/Wine	48.8	2.9%	-2.2%	2.0%
Package Liquor Stores	44.2	-3.9%	1.5%	3.0%
<b>Total All Accounts</b>	<b>\$2,495.0</b>	<b>3.7%</b>	<b>1.0%</b>	<b>0.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>271.0</b>	<b>-7.5%</b>		
<b>Gross Receipts</b>	<b>\$2,766.0</b>	<b>2.5%</b>		<i>*In thousands</i>