

Q4  
2010



# West Hollywood Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2010)

## West Hollywood In Brief

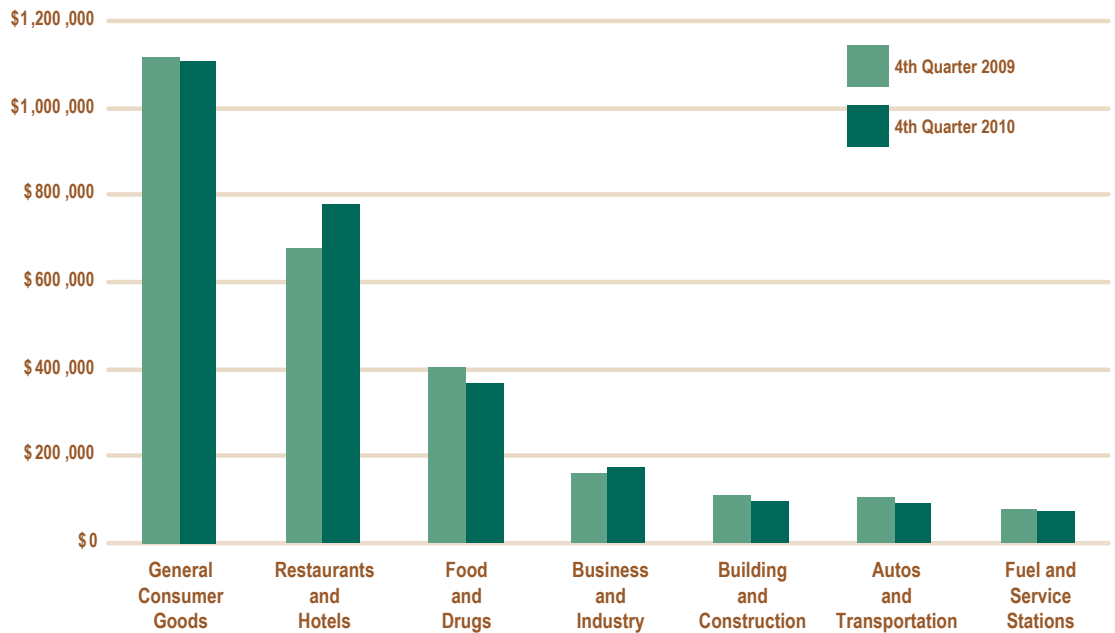
Receipts for sales occurring October through December were 2.4% higher than the same quarter a year ago.

The rise in the Restaurant & Hotel group from new eateries was inflated by multiple deviations that depressed year-ago returns. A similar deviation overstated the gain in office supplies/furniture. Over half of the growth in gross receipts was due to the increase in the county-wide use tax allocation pool.

Sales activity declined in several general retail sectors including women's apparel and home furnishings. Gains in family apparel and specialty stores offset a portion of the loss. A store closure contributed to the decrease in grocery stores while revenues dipped in building materials, plumbing and car leasing.

Adjusted for reporting aberrations, taxable sales for all of Los Angeles County including its cities gained 7.1% over the comparable time period while Southern California as a whole was up 6.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Abbey Food & Bar	London West Hollywood
Asia de Cuba	Madeo Restaurant
Best Buy	Maxfield Bleu
Beverages & More	Ralphs
Boa	Ralphs
Bristol Farms	Saddle Ranch Chop House
Cecconis	Steinway & Sons
CVS Pharmacy	Target
Gelsons Market	Trader Joes
Herman Miller Workplace Resource	Vons
Hornburg Jaguar	Whole Foods Market
John Varvatos	World Oil Marketing
Koontz Hardware	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$7,610,996	\$7,911,483
County Pool	793,719	881,487
State Pool	7,340	4,057
<b>Gross Receipts</b>	<b>\$8,412,054</b>	<b>\$8,797,027</b>
<b>Less Triple Flip*</b>	<b>\$(2,103,014)</b>	<b>\$(2,199,257)</b>

\*Reimbursed from county compensation fund

## Statewide Sales Increase!

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter of 2010 were 7.3% higher than the same quarter one year ago. This represents the fourth straight quarter of growth and the largest percentage increase since the third quarter of 2005.

Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts. Capital purchases of business equipment and labor-saving technology were especially strong in the Bay Area and Southern California. A onetime use tax payment for alternative energy equipment added to San Joaquin Valley's pooled use tax totals. Excluding accounting aberrations the state's strongest regions were the San Joaquin Valley +12.5%, the Bay Area +7.7% and the Central Coast +7.1%.

## Some Problems Remain

Although recent better than expected improvements in the state's labor markets suggest the rebound is gaining momentum, most economists believe the unemployment rate will remain in double-digits through 2012.

The large volume of unsold residential, commercial and office properties will continue to suppress new construction spending and be a drag on the economy through 2012-13. Soaring oil prices and budget cutbacks by state and local governments will have a short-term negative impact on economic growth.

Post tsunami problems in Japan are likely to cause supply shortages of autos, auto parts and various electronic components. However, the depth and duration of the impact remains unclear at this time.

## Green Energy Exemptions

SB 71, which was pushed through the Legislature as one of last year's budget deals, authorizes the previously ob-

scure California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to grant sales and use tax exemptions of state and local sales, use and transactions taxes for "green manufacturing" projects. There is no cap on the value of exemptions CAEATFA may approve but the Legislature must be notified if they exceed \$100 million annually. Through March, CAEATFA has approved 28 projects exempting almost \$961 million in qualified property that would have generated about \$87.5 million statewide using an average tax rate of 9.1%. Local government losses are expected to exceed \$19 million.

Although approved projects are located in various areas of the state, Santa Clara and Alameda Counties have been the most impacted thus far.

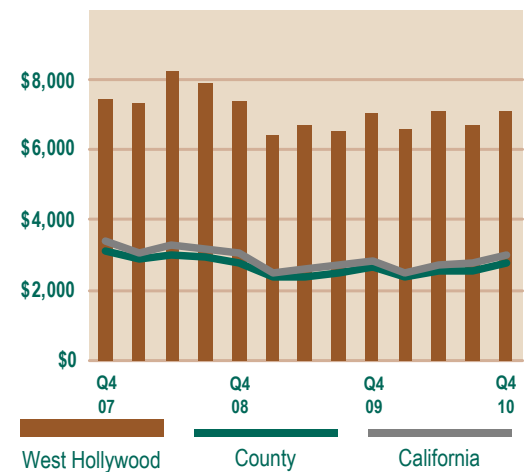
## Renewable Energy Exemptions

In late February the CAEATFA Board of Directors postponed expansion of the exemption program with a proposed \$50 million sales and use tax exemption program for renewable

energy generation projects until early 2012 pending a better understanding of the state's fiscal condition. Industry lobbyists are pushing for a much larger program than CAEATFA originally planned.

Local governments will not be notified of applications that could affect their revenues. However, agenda notices can be obtained by visiting <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

## SALES PER CAPITA



## WEST HOLLYWOOD TOP 15 BUSINESS TYPES

Business Type	West Hollywood		County	HdL State
	Q4 '10*	Change	Change	Change
Discount Dept Stores	— CONFIDENTIAL —	—	2.3%	2.2%
Electronics/Appliance Stores	214.4	-0.6%	6.3%	8.8%
Family Apparel	126.3	17.1%	7.3%	5.8%
Grocery Stores Beer/Wine	55.7	1.5%	1.8%	1.7%
Grocery Stores Liquor	170.3	-14.7%	6.5%	4.7%
Home Furnishings	212.3	-7.2%	5.1%	5.8%
Hotels-Liquor	66.3	0.9%	2.7%	3.3%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	12.3%	14.4%
Package Liquor Stores	57.6	-17.4%	6.8%	6.6%
Restaurants Beer And Wine	75.4	-1.7%	-2.5%	-2.2%
Restaurants Liquor	545.0	7.7%	6.4%	7.9%
Restaurants No Alcohol	88.9	229.8%	6.6%	5.5%
Service Stations	73.3	6.1%	10.9%	13.1%
Specialty Stores	97.0	12.8%	6.8%	7.5%
Textiles/Furnishings	92.4	-1.6%	4.7%	13.0%
<b>Total All Accounts</b>	<b>\$2,690.3</b>	<b>1.4%</b>	<b>4.9%</b>	<b>5.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>286.3</b>	<b>13.1%</b>		
<b>Gross Receipts</b>	<b>\$2,976.6</b>	<b>2.4%</b>		<i>*In thousands</i>