

Q2 2009



City of Carson Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2009)

Carson In Brief

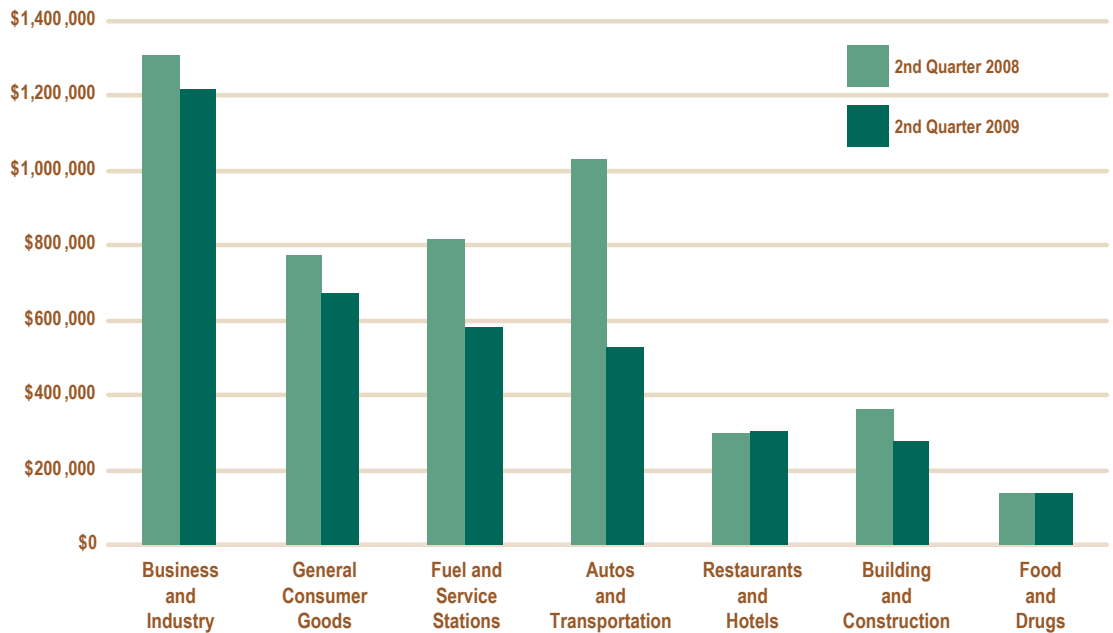
Second quarter receipts were 20.6% lower than one year ago but payment aberrations skewed the data. With anomalies excluded, "real" sales fell 24.3%.

New motor vehicle dealer, heavy industrial, light industrial/printers, home furnishings, service station and petroleum products/equipment categories decreased much as they did in most areas of the state. The exceptional service station and petroleum declines were due to comparison with record high gas prices a year ago. A business closeout contributed to the drop in new auto dealer receipts.

Payment aberrations, including a onetime use tax payment, boosted electrical equipment totals. Accounting adjustments also inflated restaurants with no alcohol gains.

With payment adjustments factored out, all of Los Angeles County fell 20.1%; statewide sales were down 18.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Arco Material Supply	Home Depot
Buswest	Ikea
Canon Business Solutions West	JC Penney
Carson Honda	K Mart
Carson Toyota	Lakeshore Learning Materials
Chevron USA	Morgan Stanley Capital Group
Cormier Chevrolet	Ondeo Nalco Company
Crest Steel	Perfect Fit
Don Kott Chrysler Jeep Kia	Rhodia
HD Supply Repair & Remodeling	RWE Schott Solar
Herbalife	Sanyo Solar USA
Hertz Equipment Rental	Sears
	Target

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$4,729,164	\$3,723,048
County Pool	493,823	417,421
State Pool	(1,240)	3,741
Gross Receipts	\$5,221,747	\$4,144,209
Less Triple Flip*	\$(1,305,437)	\$(1,036,052)

*Reimbursed from county compensation fund

NOTES

Statewide Trends

Adjusted for accounting aberrations, the local portion of California's sales and use tax for transactions occurring April through June were 18.4% lower than last year's comparable quarter.

All categories and regions were down with receipts from fuel, automobiles, business supplies, and construction materials exhibiting the largest reductions. This is the eighth consecutive quarter of statewide declines but subsequent reductions should become increasingly moderate as the economy bottoms out and future quarters are compared to previous record lows.

The Climb Back Up

Statistically most economists agree that the national recession bottomed out somewhere around the end of July. Minor recovery is expected in the last half of the year as companies restock depleted inventories, federal stimulus programs filter through the system, and investor confidence returns.

However, restoration of California's previous sales tax levels will lag. Unemployment is projected to increase through the first quarter of 2010 and remain weak for several quarters after. Incomes are flat, household wealth has been exhausted, inflation is in decline, and the drops in property values are not over. Lenders are less risk tolerant and previously excessive borrowers have become disciplined savers.

The California Budget Project recently concluded that it took six years for the average household to fully rebound from the jobless recovery following the recession of 2001. New consumer frugality, tight credit, and moderate job growth may result in an equally slow recovery from this recession.

Prognostications for key segments:

General Consumer Goods – Sales of personal electronics remain solid but consumers are focusing on price and necessities when it comes to apparel and other merchandise. Weak back-to-school sales and limited credit

for new stock have retailers planning lean inventories for the holiday season which is projected to be flat with only modest gains through 2010.

Transportation - Cash-for-clunkers stimulated new car sales but largely borrowed from the next two quarters. Significant recovery is not expected until the 2011 models arrive. RV, boat, and motorcycle sales may languish until the return of full employment.

Business & Industry – Sales to health providers and manufacturers of food products, energy, and information technology remain stable. Investment in equipment and supplies as a whole however, generally drops in and out of a recession four to six quarters after consumer goods. Continued declines are expected through 2010.

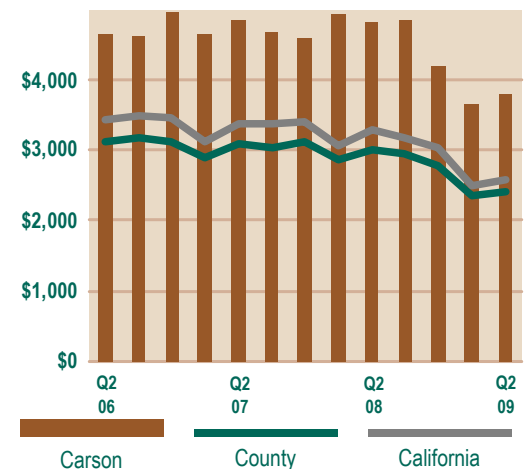
Building & Construction - Benefits from the stimulus package will be offset by state cutbacks. Projections are for weak office and commercial construction. Modest recovery in overall spending is not expected until after next summer.

Fuel & Service Stations- Lack of competition allows refiners to manip-

ulate costs of the state's environmentally friendly summer blend, but overall receipts are expected to stabilize after next quarter's comparison with the previous year's record price spike.

Grocers & Restaurants – Intense price competition has kept receipts from grocers' taxable goods down while higher-end restaurants continue to experience reduced patronage. Revenues are expected to remain flat for the next five to six quarters.

SALES PER CAPITA



CARSON TOP 15 BUSINESS TYPES

Business Type	Carson		County	HdL State
	Q2 '09*	Change	Change	Change
Service Stations	\$375.7	-10.0%	-39.3%	-36.7%
New Motor Vehicle Dealers	374.5	-54.0%	-32.5%	-32.6%
Health/Medical	219.4	4.3%	5.4%	7.3%
Restaurants No Alcohol	217.2	9.3%	0.3%	2.8%
Drugs/Chemicals	214.6	-2.9%	-4.1%	-5.9%
Discount Dept Stores	205.0	-17.8%	-3.3%	-4.7%
Office Supplies/Furniture	193.0	22.0%	-21.1%	-26.1%
Petroleum Prod/Equipment	179.0	-45.8%	-39.5%	-47.3%
Heavy Industrial	177.7	-34.6%	-31.0%	-30.5%
Lumber/Building Materials	175.4	-22.1%	-17.5%	-21.1%
Home Furnishings	170.9	-17.4%	-21.7%	-20.5%
Electrical Equipment	113.7	79.8%	-61.0%	-29.9%
Department Stores	94.4	-11.9%	-20.3%	-20.5%
Grocery Stores Liquor	87.3	0.6%	-4.8%	-2.6%
Light Industrial/Printers	65.5	-36.8%	-12.7%	-27.3%
Total All Accounts	\$3,723.0	-21.3%	-20.2%	-21.2%
County & State Pool Allocation	421.2	-14.5%		
Gross Receipts	\$4,144.2	-20.6%		<i>*In thousands</i>