

Q4 2009



City of Carson Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2009)

Carson In Brief

Receipts for sales occurring October through December were 7.5% lower than the same period a year ago but aberrations skewed results. With anomalies removed, actual sales declined 14.3%.

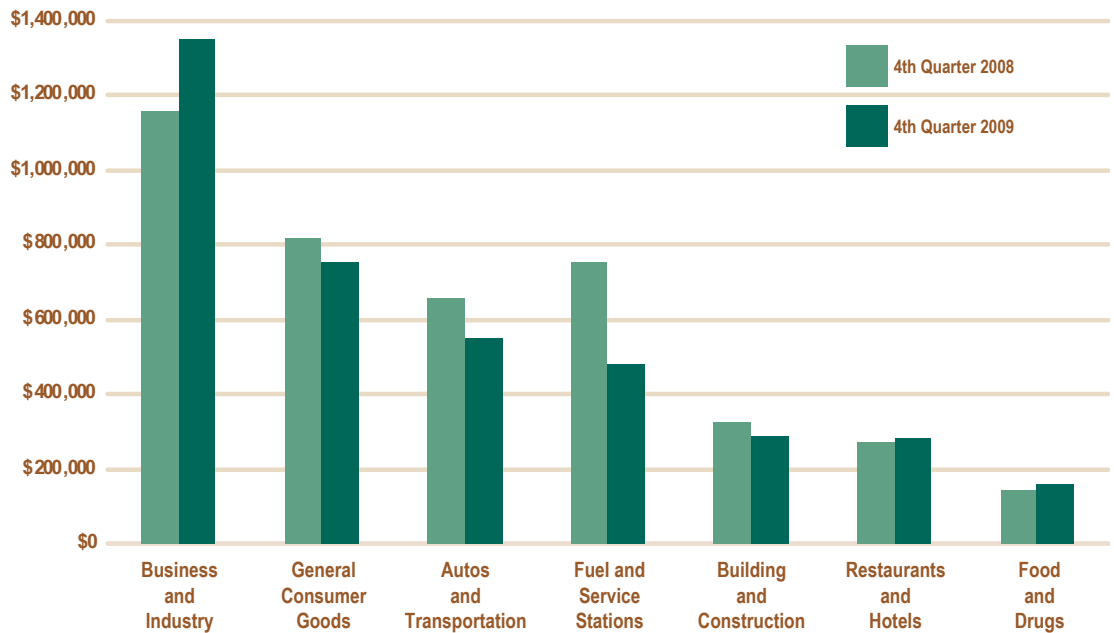
A significant retroactive adjustment in the drugs/chemicals group accounted for the rise in Business & Industry. Increased sales activity in the health/medical classification contributed to this year over year increase. Nonetheless, sales activity declined in other related sectors including heavy industry and light/industrial printers. The decrease of 60.2% in electrical equipment was overstated by temporary payment deviations.

A deduction to correct a prior error was a major contributor to the decrease in General Consumer Goods that had lagging sales in most categories.

Over half of the loss in Fuel & Service Stations from lower consumption was due to a temporary allocation error. Onetime taxpayer refunds and a business closure accounted for the decline in Autos & Transportation.

Adjusted for reporting aberrations taxable sales for all of Los Angeles County including its cities declined 8.0% over the comparable time period while the Southern California region as a whole was down 6.8%

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Hertz Equipment Rental
Arco Material Supply	Home Depot
Buswest	Ikea
Buswest	JC Penney
Carson CJ	K Mart
Carson Honda	Lakeshore Learning Materials
Carson Nissan	Ondeo Nalco Company
Carson Toyota	Perfect Fit
Chemoil	Rhodia
Cormier Chevrolet	Sears
Crest Steel	Target
HD Supply Repair & Remodeling	Westrux Intl
Herbalife	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$13,605,950	\$10,852,579
County Pool	1,497,316	1,131,438
State Pool	5,750	10,464
Gross Receipts	\$15,109,015	\$11,994,481
Less Triple Flip*	\$(3,777,254)	\$(2,998,620)

*Reimbursed from county compensation fund

California Overall

Local allocations for sales occurring October through December were 6.7% lower than last year's holiday quarter after adjusting for accounting aberrations.

All regions experienced declines. The largest reductions were in building and construction materials and business equipment and supplies. Shoppers generally favored discount stores and value-oriented apparel to traditional department stores and specialty shops. However, a few high end chains also posted gains. A rise in new car sales was offset by declining revenues from auto leases and continuing drops in sales of RVs, boats and motorcycles. The quarter's largest statewide increases were from value oriented family apparel and from rising service station prices.

Short Term Recovery Projected

Most economists and trade analysts are cautiously optimistic that there will be recovery over the next two or three quarters. Stabilization of home prices and the recovering stock market have made the still employed more confident about making purchases that were avoided during the bottom of the recession. Lower prices have also stretched the discretionary income available to make those purchases.

They see banks beginning to lend again while the restocking of depleted inventories is stimulating industrial production. Other factors adding to the optimism are increased demands for American exports, renewed spending on technology and software and a recent uptick in California's entertainment industry.

The Budget Conundrum

There is general agreement that the current recovery is fragile and that California will trail the nation. However, there is sharp disagreement on its durability. Most analysts believe that as long as the current demand for exports continues, the other previously cited factors will sustain a slow recovery.

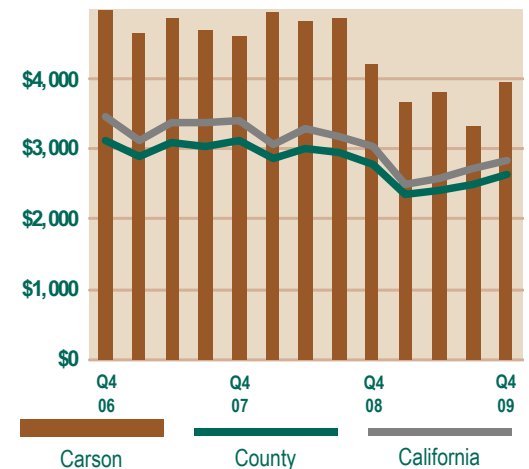
Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting of large numbers of adjustable rate home mortgages and need to refinance \$500 billion in commercial loans is being ignored. Until we suffer the consequences from those losses they say, the end of federal bailouts will simply send us back into a recession. Both sides express concerns about the sufficiency of future job opportunities.

Recovery and Sales Tax

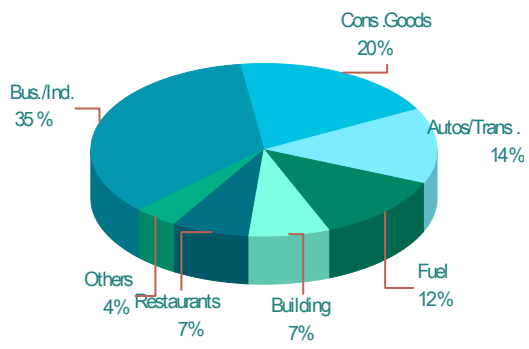
It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Carson This Quarter



CARSON TOP 15 BUSINESS TYPES

Business Type	Carson		County	HdL State
	Q4 '09*	Change	Change	Change
Drugs/Chemicals	\$551.6	98.3%	7.7%	-1.0%
New Motor Vehicle Dealers	480.5	0.4%	-2.9%	1.0%
Service Stations	283.2	-9.2%	7.8%	7.1%
Discount Dept Stores	257.9	-6.0%	2.6%	1.8%
Restaurants No Alcohol	211.6	2.1%	-3.6%	-2.3%
Health/Medical	205.0	64.1%	-18.5%	-15.0%
Lumber/Building Materials	197.1	-6.0%	1.3%	-0.5%
Heavy Industrial	161.1	-14.3%	-24.0%	-18.1%
Petroleum Prod/Equipment	161.1	-58.6%	-21.0%	-23.0%
Home Furnishings	153.1	-18.1%	-9.2%	-7.2%
Department Stores	131.1	-5.0%	-16.0%	-20.9%
Grocery Stores Liquor	102.9	13.3%	10.3%	2.1%
Trailers/Auto Parts	85.8	-9.8%	-13.0%	0.6%
Light Industrial/Printers	75.3	-48.1%	-22.9%	-24.1%
Office Supplies/Furniture	65.4	-6.8%	-17.8%	-7.9%
Total All Accounts	\$3,869.9	-6.3%	-5.3%	-5.9%
County & State Pool Allocation	369.3	-18.3%		
Gross Receipts	\$4,239.3	-7.5%		<i>*In thousands</i>