

Q1 2010



City of Carson Sales Tax *Update*

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

Carson In Brief

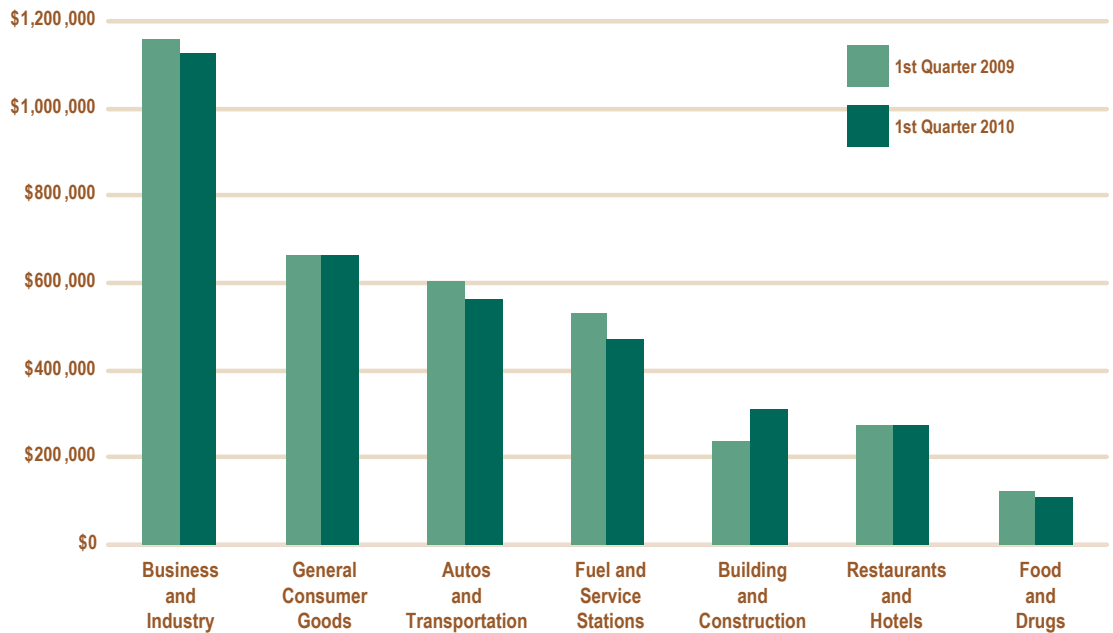
Receipts for Carson's first quarter sales were 3.1% lower than the same quarter one year ago. Actual sales were down 8.6% when reporting aberrations were factored out.

Declines in sales from several categories of the business & industry and autos & transportation sectors were primarily responsible for the current decrease. Reporting problems temporarily depressed returns from petroleum products/equipment.

The losses were partially offset by a onetime accounting adjustment that inflated results from drugs/chemicals and the double-up of a previously late payment from lumber/building materials.

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

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Albertsons	Hertz Equipment Rental
Amerigas Eagle Propane	Home Depot
Arco Material Supply	Ikea
Car Pros Kia	JC Penney
Carson Honda	K Mart
Carson Nissan	Lakeshore Learning Materials
Carson Toyota	Ondeo Nalco Company
Chemoil	Perfect Fit
Cormier Chevrolet	Rhodia
Crest Steel	Sears
Edco Stations	Target
HD Supply Repair & Remodeling	Yoplait General Mills Plant
Herbalife	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$17,201,705	\$14,378,556
County Pool	1,932,682	1,512,402
State Pool	8,392	12,541
Gross Receipts	\$19,142,778	\$15,903,499
Less Triple Flip*	\$(4,785,695)	\$(3,975,875)

*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% 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 benefiting 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.

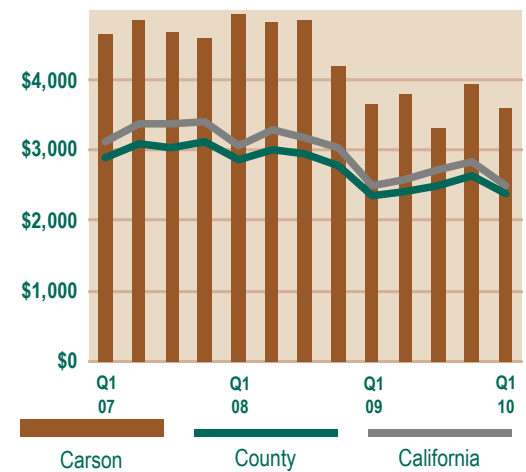
New taxes were approved in the cities of Calexico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

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



CARSON TOP 15 BUSINESS TYPES

Business Type	Carson		County	HdL State
	Q1 '10*	Change	Change	Change
New Motor Vehicle Dealers	\$449.2	7.0%	-3.0%	0.0%
Drugs/Chemicals	398.9	121.3%	-1.0%	-2.2%
Service Stations	252.4	11.8%	29.3%	28.0%
Lumber/Building Materials	219.0	43.3%	3.3%	1.6%
Restaurants No Alcohol	211.1	6.7%	-0.1%	-3.3%
Discount Dept Stores	195.2	-3.9%	5.1%	4.9%
Home Furnishings	182.1	4.6%	-2.0%	-1.7%
Petroleum Prod/Equipment	180.7	-32.4%	23.6%	17.3%
Health/Medical	179.9	-40.4%	7.4%	-4.7%
Heavy Industrial	96.8	-39.3%	-6.6%	-14.2%
Office Supplies/Furniture	86.4	3.2%	4.3%	3.1%
Department Stores	81.4	-1.7%	-0.7%	-0.9%
Trailers/Auto Parts	72.4	-4.2%	2.2%	8.5%
Farm Products/Equipment	67.4	84.0%	8.2%	-12.3%
Grocery Stores Liquor	64.0	-16.9%	-11.8%	-3.5%
Total All Accounts	\$3,526.0	-1.9%	1.0%	0.8%
County & State Pool Allocation	383.0	-12.5%		
Gross Receipts	\$3,909.0	-3.1%		<i>*In thousands</i>