

Q2 2010



City of Carson Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

Carson In Brief

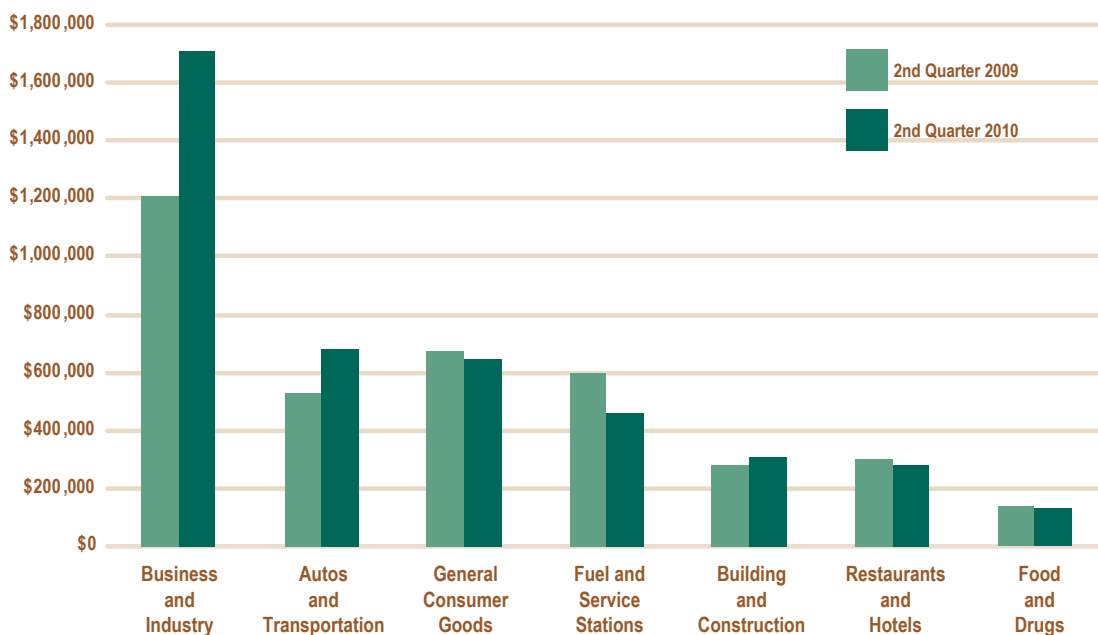
Receipts for Carson's April through June sales were 13.1% higher than the same quarter one year ago. However, accounting adjustments from the office supplies, medical/biotech, and food manufacturing categories were primarily responsible for inflating the results from the Business & Industry sector. After adjusting for these and other aberrations, actual sales activity was up 0.8%.

The Autos & Transportation sector benefited from strong sales and business additions in the new autos category. A new business in the contractor supply category also helped increase receipts from the Building & Construction sector.

Although receipts were up in the home furnishings category, the increase was offset by losses from electronics/appliance stores and other categories of the General Consumer Goods sector. Higher fuel prices helped increase receipts from service stations, however the overall results from the Fuel & Service Stations sector were depressed by sales declines and onetime reporting aberrations from the petroleum products category.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 3.5% over the comparable time period, while the Southern California region as a whole was up 4.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Ikea
Arco Material Supply	JC Penney
Car Pros Kia	K Mart
Carson Honda	Lakeshore Learning Materials
Carson Nissan	Ondeo Nalco
Carson Toyota	Pepsi Cola
Chemoil	Perfect Fit
Cormier Chevrolet	Rhodia
Crest Steel	Sears
En Pointe Technologies	Target
Hagemeyer	Yoplait General Mills Plant
HD Supply Repair & Remodel	
Herbalife	
Home Depot	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$3,723,048	\$4,213,651
County Pool	417,421	470,076
State Pool	3,741	2,258
Gross Receipts	\$4,144,209	\$4,685,986
Less Triple Flip*	\$(1,036,052)	\$(1,171,496)

*Reimbursed from county compensation fund

California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases. Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred. This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years. The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

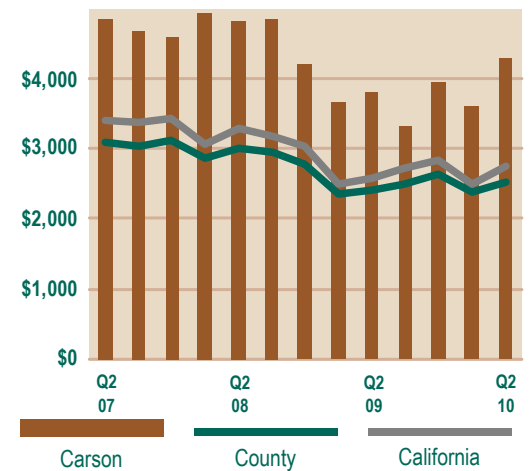
experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting. Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

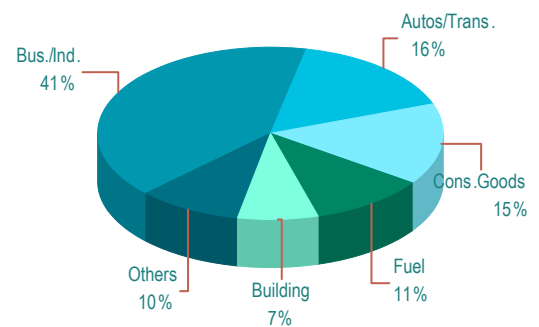
Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Carson This Quarter



CARSON TOP 15 BUSINESS TYPES

Business Type	Carson		County	HdL State
	Q2 '10*	Change	Change	Change
New Motor Vehicle Dealers	\$521.5	39.3%	14.3%	16.4%
Medical/Biotech	482.0	119.7%	20.4%	-1.7%
Office Supplies/Furniture	408.0	111.3%	11.4%	9.9%
Service Stations	273.9	-24.9%	15.6%	18.2%
Restaurants No Alcohol	207.6	-4.4%	4.8%	4.6%
Discount Dept Stores	188.9	-7.8%	0.3%	0.1%
Home Furnishings	176.8	3.4%	0.3%	3.1%
Lumber/Building Materials	174.9	-0.3%	3.0%	2.9%
Drugs/Chemicals	161.6	-24.7%	0.7%	-0.5%
Petroleum Prod/Equipment	145.3	-27.7%	26.3%	24.1%
Light Industrial/Printers	121.0	84.6%	-6.6%	14.7%
Heavy Industrial	114.9	-28.4%	-1.7%	10.8%
Food Mfg.	107.7	377.7%	-7.1%	-0.3%
Department Stores	100.5	6.5%	6.0%	2.0%
Grocery Stores Liquor	83.7	-4.1%	2.7%	1.0%
Total All Accounts	\$4,213.7	13.2%	5.4%	7.4%
County & State Pool Allocation	472.3	12.2%		
Gross Receipts	\$4,686.0	13.1%		<i>*In thousands</i>