

Q3 2010



City of Carson Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

Carson In Brief

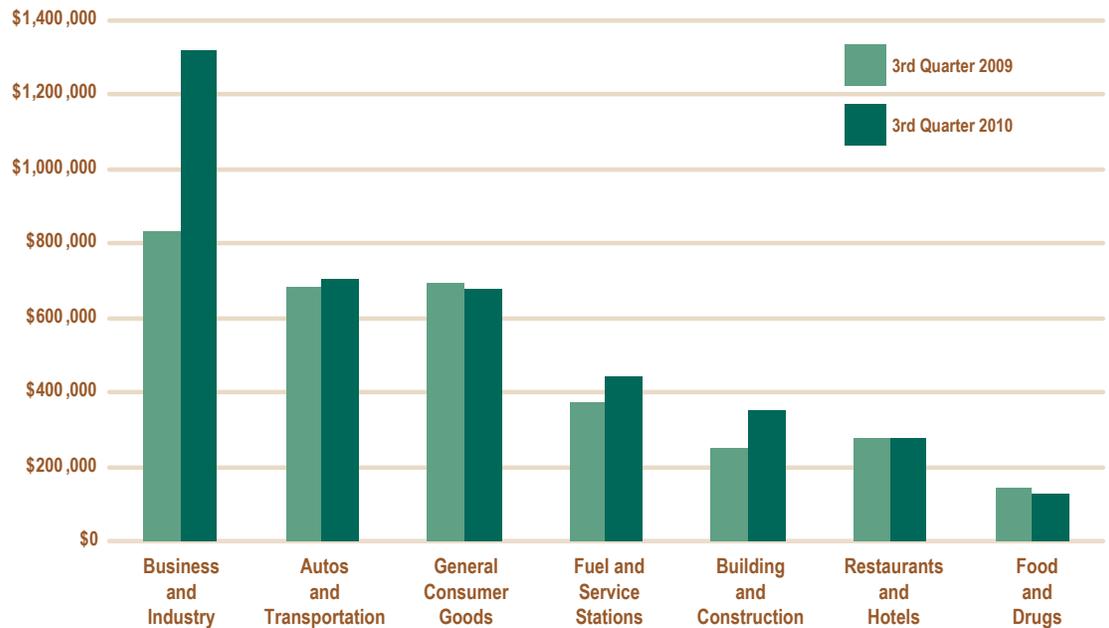
Receipts for Carson's July through September sales were 20.9% higher than the same quarter one year ago. However, retroactive payment adjustments exaggerated the increase in office supplies and medical/bio-tech categories and were primarily responsible for the city's overall increase. After adjusting for these and other aberrations, actual sales activity was up 6.5%.

Higher fuel prices and an onetime accounting adjustment favorably impacted service station revenues. A strong sales quarter from lumber/building materials and contractor supplies further contributed to the gain. A 30.9% larger allocation from the countywide use tax pool was also a factor.

The gains were partially offset by lower sales of petroleum products.

Adjusted for reporting aberrations, sales and use tax receipts for all of Los Angeles County increased 3.7% from last year's comparable quarter while Southern California as a whole, was up 4.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Arco Material Supply	HD Supply Repair & Remodel
Buswest	Herbalife
Car Pros Kia	Home Depot
Carson Honda	Ikea
Carson Nissan	JC Penney
Carson Toyota	K Mart
Cormier Chevrolet	Lakeshore Learning Materials
Crest Steel	McJunkin Red Man
Cruise America	Ondeo Nalco
Edco Stations	Perfect Fit
En Pointe Technologies Sales	Rhodia
Enterprise Rent A Car	Sears
	Target

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$6,982,647	\$8,118,694
County Pool	765,650	925,856
State Pool	6,924	5,728
Gross Receipts	\$7,755,222	\$9,050,278
Less Triple Flip*	\$(1,938,805)	\$(2,262,570)

*Reimbursed from county compensation fund

Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago.

The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by \$850 billion. In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

Autos/Transportation- Industry sales reports were inflated by non-taxable

fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

Building/Construction- Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

Business/Industry- Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

Food/Drugs- some price increases but competition will keep tax revenues from this segment generally flat.

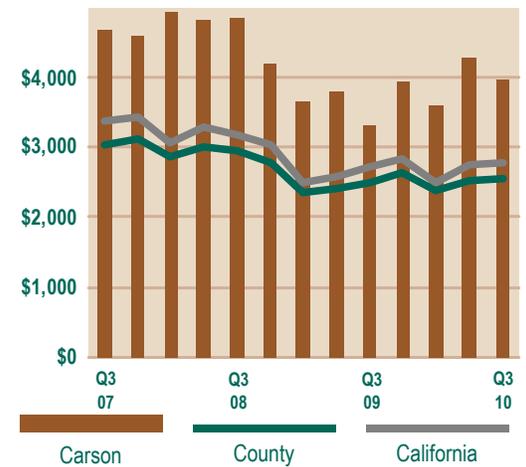
Fuel/Service Stations – Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

Consumer Goods- Stock market gains

are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

Restaurants/Hotels- Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

SALES PER CAPITA



CARSON TOP 15 BUSINESS TYPES

Business Type	Carson		County	HdL State
	Q3 '10*	Change	Change	Change
Contractors	98.1	33.9%	-7.0%	-1.8%
Department Stores	86.5	-2.9%	4.1%	2.9%
Discount Dept Stores	194.5	-1.5%	3.9%	5.6%
Drugs/Chemicals	191.7	29.8%	1.0%	-0.6%
Grocery Stores Liquor	82.3	-8.9%	5.8%	1.1%
Heavy Industrial	125.9	-6.0%	15.4%	13.1%
Home Furnishings	200.0	5.2%	4.5%	1.5%
Lumber/Building Materials	196.8	51.6%	-1.8%	-4.7%
Medical/Biotech	249.5	na	-6.0%	-6.2%
New Motor Vehicle Dealers	495.9	4.5%	-5.0%	-1.7%
Office Supplies/Furniture	405.6	332.5%	13.7%	8.9%
Petroleum Prod/Equipment	119.9	-28.1%	-3.6%	12.0%
Restaurants No Alcohol	205.8	8.0%	8.3%	5.3%
Service Stations	289.4	59.8%	10.2%	12.2%
Trailers/Auto Parts	86.4	22.2%	8.8%	-7.3%
Total All Accounts	\$3,905.0	19.8%	2.5%	2.7%
County & State Pool Allocation	459.2	30.7%		
Gross Receipts	\$4,364.3	20.9%		<i>*In thousands</i>