

Q4 2010



City of Carson Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2010)

Carson In Brief

Receipts for Carson's October through December sales were 1.0% higher than the same quarter one year ago. Actual sales activity was up 9.4% when reporting aberrations were factored out.

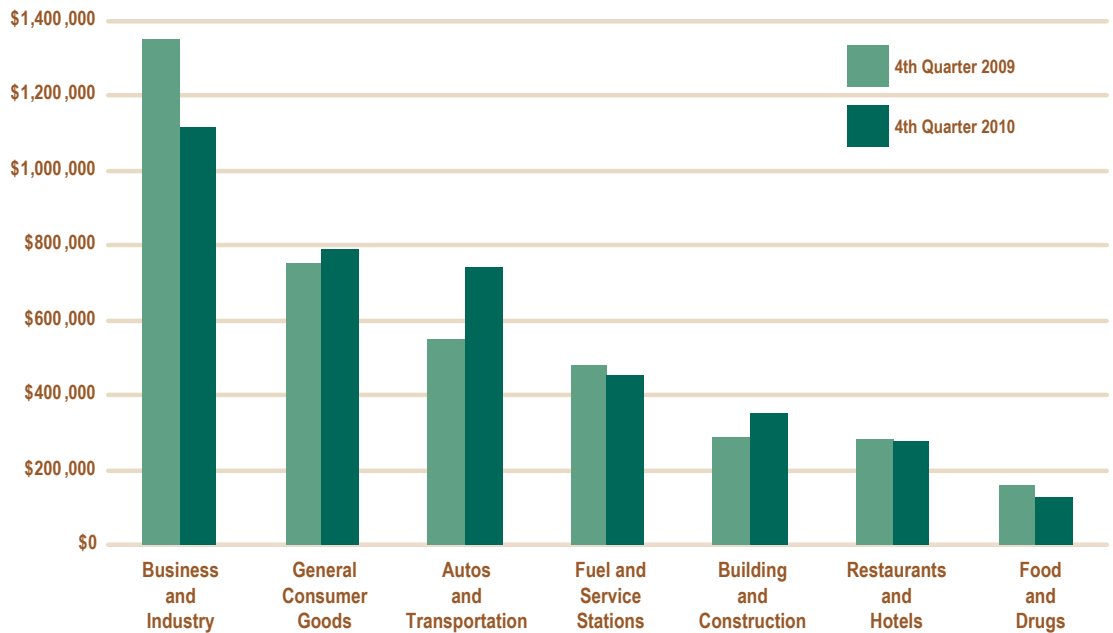
The city experienced an exceptionally strong sales quarter for new motor vehicle dealers. Recent corrections of receipts that were previously incorrectly allocated inflated results from office supplies/furniture, contractors and light industrial/printers.

Accounting adjustments that inflated year-ago returns exaggerated the drop in drugs/chemicals and petroleum products and equipment.

A 12.4% increase in the county-wide use tax allocation pool contributed to the rise in fourth quarter receipts.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 7.1% over the comparable time period, while the Southern California region as a whole was up 6.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Amerigas Propane	Hertz Equipment Rental
Arco Material Supply	Home Depot
Buswest	Ikea
Car Pros Kia	JC Penney
Carson Honda	K Mart
Carson Nissan	McJunkin Red Man
Carson Toyota	Morgan Stanley Capital Group
Cormier Chevrolet	Ondeo Nalco
Crest Steel	Perfect Fit
Edco Stations	Rhodia
En Pointe Technologies	Sears
HD Supply Repair & Remodel	Target
Herbalife	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$10,852,579	\$11,987,346
County Pool	1,131,438	1,337,033
State Pool	10,464	6,253
Gross Receipts	\$11,994,481	\$13,330,631
Less Triple Flip*	\$(2,998,620)	\$(3,332,658)

*Reimbursed from county compensation fund

Statewide Sales Increase!

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter of 2010 were 7.3% higher than the same quarter one year ago. This represents the fourth straight quarter of growth and the largest percentage increase since the third quarter of 2005.

Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts. Capital purchases of business equipment and labor-saving technology were especially strong in the Bay Area and Southern California. A onetime use tax payment for alternative energy equipment added to San Joaquin Valley's pooled use tax totals. Excluding accounting aberrations the state's strongest regions were the San Joaquin Valley +12.5%, the Bay Area +7.7% and the Central Coast +7.1%.

Some Problems Remain

Although recent better than expected improvements in the state's labor markets suggest the rebound is gaining momentum, most economists believe the unemployment rate will remain in double-digits through 2012.

The large volume of unsold residential, commercial and office properties will continue to suppress new construction spending and be a drag on the economy through 2012-13. Soaring oil prices and budget cutbacks by state and local governments will have a short-term negative impact on economic growth.

Post tsunami problems in Japan are likely to cause supply shortages of autos, auto parts and various electronic components. However, the depth and duration of the impact remains unclear at this time.

Green Energy Exemptions

SB 71, which was pushed through the Legislature as one of last year's budget deals, authorizes the previously ob-

scure California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to grant sales and use tax exemptions of state and local sales, use and transactions taxes for "green manufacturing" projects. There is no cap on the value of exemptions CAEATFA may approve but the Legislature must be notified if they exceed \$100 million annually. Through March, CAEATFA has approved 28 projects exempting almost \$961 million in qualified property that would have generated about \$87.5 million statewide using an average tax rate of 9.1%. Local government losses are expected to exceed \$19 million.

Although approved projects are located in various areas of the state, Santa Clara and Alameda Counties have been the most impacted thus far.

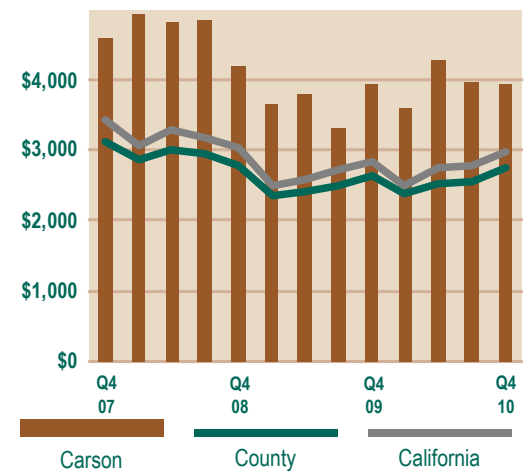
Renewable Energy Exemptions

In late February the CAEATFA Board of Directors postponed expansion of the exemption program with a proposed \$50 million sales and use tax exemption program for renewable

energy generation projects until early 2012 pending a better understanding of the state's fiscal condition. Industry lobbyists are pushing for a much larger program than CAEATFA originally planned.

Local governments will not be notified of applications that could affect their revenues. However, agenda notices can be obtained by visiting <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



CARSON TOP 15 BUSINESS TYPES

Business Type	Carson		County	HdL State
	Q4 '10*	Change	Change	Change
Contractors	104.2	115.4%	-3.6%	-2.1%
Department Stores	129.6	-1.1%	3.7%	2.6%
Discount Dept Stores	263.0	2.0%	2.3%	2.2%
Drugs/Chemicals	181.8	-67.0%	-17.0%	-5.6%
Heavy Industrial	126.3	-18.8%	5.4%	1.2%
Home Furnishings	175.1	14.4%	5.2%	5.8%
Light Industrial/Printers	97.7	29.7%	-3.8%	-3.8%
Lumber/Building Materials	190.6	-3.3%	-13.5%	-14.7%
Medical/Biotech	214.6	4.7%	6.6%	4.1%
New Motor Vehicle Dealers	577.6	20.2%	12.3%	14.4%
Office Supplies/Furniture	176.6	170.1%	4.0%	4.9%
Petroleum Prod/Equipment	133.6	-23.3%	0.3%	18.0%
Restaurants No Alcohol	211.5	0.0%	6.6%	5.5%
Service Stations	271.4	0.5%	10.9%	13.1%
Trailers/Auto Parts	90.0	-1.6%	9.4%	6.3%
Total All Accounts	\$3,868.7	0.0%	4.9%	5.8%
County & State Pool Allocation	411.7	11.5%		
Gross Receipts	\$4,280.4	1.0%		<i>*In thousands</i>