

# Q1 2012



# City of Carson Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2012)

## Carson In Brief

Receipts from Carson's January through March sales were 33.8% higher than the same quarter one year ago.

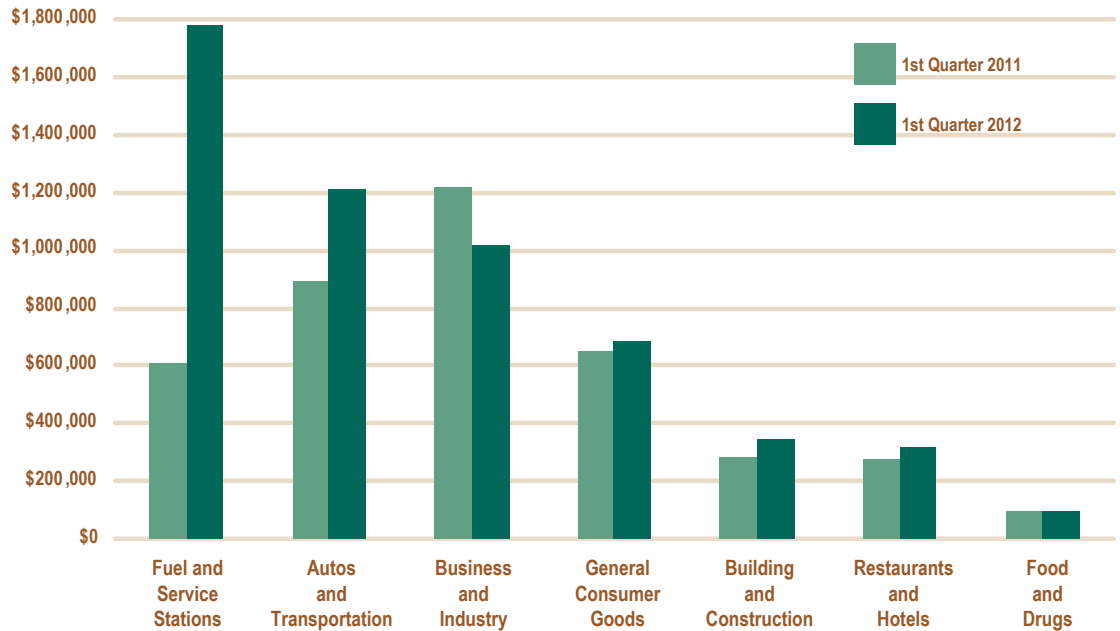
Higher fuel prices and a positive retroactive payment adjustment exaggerated the results from the fuel & service stations group and was primarily responsible for the overall city increase. A strong sales quarter from new auto dealerships further contributed to the gain.

Supply and material sales increased from plumbing/electrical, lumber/building, and contractors boosting returns from the building & construction group while all categories of the restaurants & hotel group experienced improved sales. A larger allocation from the countywide use tax pool was also a factor.

The gains were partially offset by a correction of a miscoded allocation that negatively impacted the business & industry group.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 8.4% over the comparable time period, while the Southern California region as a whole was up 8.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Arco AM PM	Home Depot
Arco AM PM Mini Mart	Ikea
Arco Material Supply	Lakeshore Learning Materials
Buswest	Los Angeles Truck Centers
Car Pros Kia	Mc Junkin Red Man
Carson Honda	Ondeo Nalco Company
Carson Nissan	Perfect Fit
Carson Toyota	Rapid Gas
Chemoil	Sears
En Pointe Technologies	Target
Haldor Topsoe	Western Tube & Conduit
HD Supply Repair & Remodel	Win Hyundai
Herbalife	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2010-11	2011-12
<b>Point-of-Sale</b>	\$16,019,945	\$18,921,371
<b>County Pool</b>	1,813,821	2,080,349
<b>State Pool</b>	7,258	7,836
<b>Gross Receipts</b>	<b>\$17,841,024</b>	<b>\$21,009,557</b>
<b>Less Triple Flip*</b>	<b>\$(4,460,256)</b>	<b>\$(5,252,389)</b>

\*Reimbursed from county compensation fund

**Statewide Results**

Adjusted for accounting aberrations, California's local sales and use tax revenues for January through March transactions increased 8.4% over last year's comparison quarter. Most areas of the state realized gains from service stations and auto sales; whereas some counties received added benefits in use taxes from alternative energy plant projects. Overall, the San Joaquin Valley, with strong agriculture-related purchases, led all other regions of the state.

**The Year Ahead**

Having bottomed out in 2009-10, California made solid progress toward economic recovery in 2011-12. Job gains, easier credit, pent-up demand for autos and goods, higher fuel prices, continued investment in technology and increased tourism and business travel all contributed to rising sales tax revenues.

Most analysts believe that the recovery will continue in 2012-13 although at a slower pace. How much slower is uncertain due to a number of major unresolved issues and the extent to which they can be avoided or mitigated.

One issue is the state's \$16 billion budget deficit. Government has traditionally accounted for 18% of California's jobs and the full effect of looming job losses will not be fully known until after the November election.

The European financial crisis is a problem of particular importance to California which ships high tech equipment, tools and software along with a variety of agricultural and other products to 226 countries. Exports account for roughly 25% of the state's economy.

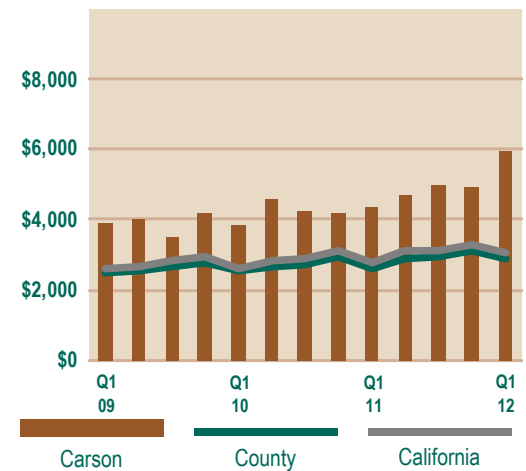
Additionally, California manufacturers that rely on foreign parts

could face a shortage if European bank credit lines contract due to ongoing European financial problems.

The final issue involves the Federal Budget Control Act of 2011 which was adopted to resolve last year's debt-ceiling crisis. On January 1, existing temporary tax cuts on income, payroll, capital gains and estates expire. If Congress cannot overcome its ideological differences and agree on a budget package, \$400 billion in automatic spending cuts will be activated.

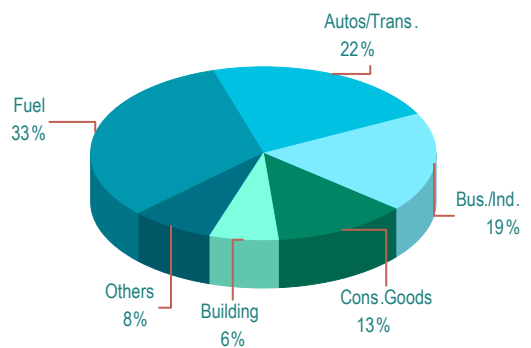
There is general optimism that another recession can be avoided because it is unlikely that all these issues will devolve to their worst possible case. However, uncertainty about eventual outcomes will impact spending, investment and hiring plans and slow the recovery in 2012's second half. Even so, HdL's current consensus forecast is for a 4.5% to 5.0% increase in statewide local sales tax revenues in 2012-13.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Carson This Quarter



**CARSON TOP 15 BUSINESS TYPES**

Business Type	Carson		County	HdL State
	Q1 '12*	Change	Change	Change
Contractors	77.3	17.2%	11.2%	22.6%
Department Stores	71.1	-9.9%	1.8%	1.2%
Discount Dept Stores	205.3	4.6%	5.0%	5.6%
Drugs/Chemicals	590.9	31.0%	12.7%	5.2%
Heavy Industrial	111.3	4.8%	3.0%	24.3%
Home Furnishings	204.5	7.8%	5.0%	6.8%
Light Industrial/Printers	74.2	29.2%	8.1%	2.6%
Lumber/Building Materials	200.8	19.8%	14.3%	8.8%
New Motor Vehicle Dealers	1,027.3	33.6%	16.1%	14.5%
Office Supplies/Furniture	223.8	-9.2%	3.4%	6.7%
Petroleum Prod/Equipment	212.9	3.9%	19.0%	18.8%
Repair Shop/Hand Tool Rentals	68.4	28.3%	15.5%	11.3%
Restaurants No Alcohol	231.7	9.7%	10.7%	9.5%
Service Stations	1,516.6	324.7%	16.0%	13.3%
Transportation/Rentals	57.2	-0.2%	6.1%	1.5%
<b>Total All Accounts</b>	<b>\$5,452.5</b>	<b>35.2%</b>	<b>11.2%</b>	<b>9.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>584.0</b>	<b>22.2%</b>		
<b>Gross Receipts</b>	<b>\$6,036.5</b>	<b>33.8%</b>		<i>*In thousands</i>