

Q3 2012



City of Carson Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2012)

Carson In Brief

Receipts for Carson's July through September sales were 17.3% higher than the same quarter one year ago. Actual sales activity was up 21.1% when reporting aberrations were factored out.

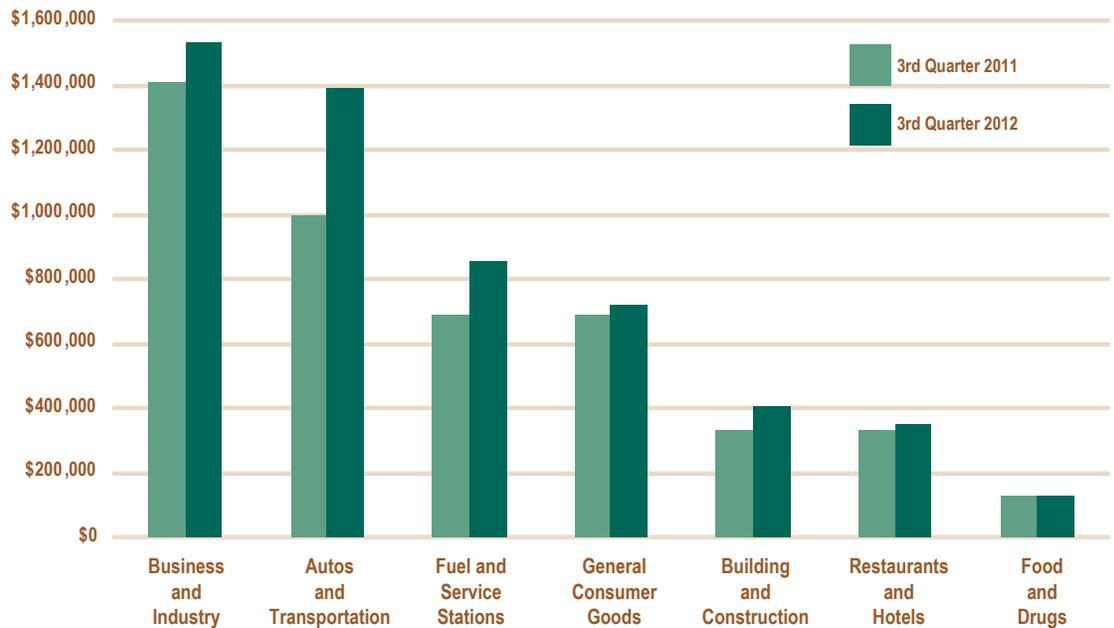
Receipts from autos and transportation were lifted, in part, by the addition of new auto dealerships and a possible reporting error that boosted the transportation and rentals category. Business and industry posted a strong sales quarter from multiple categories including, drugs/chemicals, business services, and repair shops; however, a onetime accounting adjustment inflated the overall results.

Onetime use tax was partially responsible for the gains from the fuel and service station group. Strong sales from home furnishings were a factor in the overall results from general consumer goods.

An accounting adjustment that boosted the lumber and building materials category was largely responsible for temporarily inflating the building and construction sector. The restaurants and hotels group posted positive results with all categories experiencing a gain.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 5.8% over the comparable time period, while the Southern California region as a whole was up 6.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Arco AM PM	Los Angeles Truck Centers
Arco Material Supply	Mc Junkin Red Man
Car Pros Kia	Mountain Water Ice
Carson Honda	Nissan Motor
Carson Nissan	Ondeo Nalco
Carson Toyota	Penske Truck Leasing
Chemoil	Perfect Fit
En Pointe Technologies	Rapid Gas
HD Supply	Rhodia
Herbalife	Shell
Home Depot	Target
Ikea	Win Hyundai
Lakeshore Learning Materials	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$8,927,387	\$10,083,911
County Pool	983,210	1,141,502
State Pool	1,223	2,778
Gross Receipts	\$9,911,820	\$11,228,191
Less Triple Flip*	\$(2,477,955)	\$(2,807,048)

*Reimbursed from county compensation fund

Statewide Results

Gains in all seven of HdL's key economic groupings confirm that California's economy continues to mend. Statewide local sales and use tax revenues from transactions occurring July through September 2012 were 6.0% higher than the same quarter in 2011 after onetime accounting and reporting aberrations are factored out.

The continued strong demand for new autos exceeded analysts' expectations and generated about one-fourth of the adjusted statewide increase. Restaurant sales posted another strong quarter with receipts 6.6% higher than the same period one year ago. Use tax from the development of solar energy projects and a modest recovery in some categories of building and construction materials also contributed to the rise.

Overall sales growth was tempered by a leveling in fuel prices compared to the previous year's quarter and by a slowdown in business spending in the Silicon Valley.

The Year Ahead

Gains in sales and use tax receipts from the first half of 2013 are expected to be lower than previous quarters. Recovery from "fiscal cliff" uncertainties and its final outcome may take several months while Europe's financial woes and China's sluggish growth will temper California export activity. Fuel prices should stabilize and not generate the huge bubbles in tax revenues experienced in previous quarters.

The last half of the year is predicted to resume steady, moderate growth. In November, the state's unemployment rate had already dipped to 9.8 percent, the lowest since the recession began. The recent gains are becoming more widespread among job categories and

even include an increase in construction-related employment.

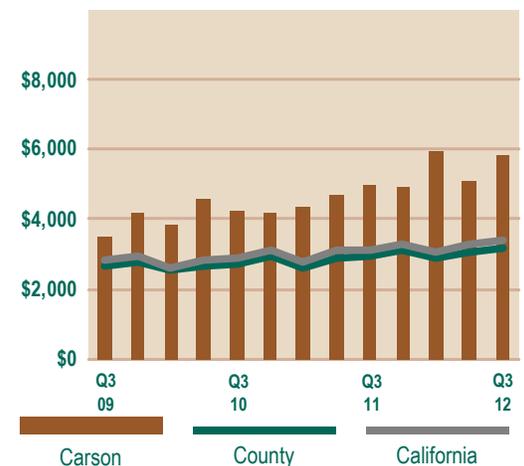
The state's housing market is strengthening with fewer distressed transactions and record low inventories. The median sales price of homes has increased for the last eight consecutive months of the year and building activity, particularly in the coastal areas, is expected to pick up steam in 2013. Elevated foreclosure rates in some inland regions may delay building recovery for another year or two.

Pent-up demand, record low interest rates and easing credit availability have led to robust sales of new automobiles. That demand is expected to continue for another few quarters as consumers replace older, less fuel efficient models and take advantage of lease and financing incentives being offered by manufacturers.

Wage gains from new hiring, combined with lower fuel prices and an improv-

ing housing market are incrementally boosting consumer confidence but much depends on government stewardship of the recovery. Tax increases and reduced benefits could shrink spending at the lower income levels while overly deep cutbacks in government contracts and infrastructure improvements could discourage new business investment.

SALES PER CAPITA



CARSON TOP 15 BUSINESS TYPES

Business Type	Carson		County	HdL State
	Q3 '12*	Change	Change	Change
Contractors	100.6	31.9%	9.8%	7.0%
Department Stores	78.9	-8.3%	-1.9%	-0.9%
Discount Dept Stores	210.6	2.7%	18.1%	15.5%
Drugs/Chemicals	565.6	14.3%	5.9%	1.8%
Fuel/Ice Dealers	104.1	173.2%	81.1%	16.6%
Heavy Industrial	97.1	-42.7%	-3.4%	7.1%
Home Furnishings	227.8	8.0%	2.5%	4.4%
Lumber/Building Materials	239.0	28.1%	40.0%	35.8%
New Motor Vehicle Dealers	994.1	26.5%	16.9%	19.2%
Office Supplies/Furniture	164.7	-45.6%	81.1%	50.8%
Petroleum Prod/Equipment	257.6	176.3%	12.1%	6.7%
Restaurants No Alcohol	230.0	1.0%	7.1%	8.1%
Service Stations	495.5	-11.5%	1.8%	1.5%
Trailers/Auto Parts	399.8	157.9%	56.1%	48.2%
Transportation/Rentals	195.1	291.6%	15.8%	11.7%
Total All Accounts	\$5,380.6	17.5%	7.1%	8.8%
County & State Pool Allocation	585.6	16.0%		
Gross Receipts	\$5,966.2	17.3%		<i>*In thousands</i>