

Q1 2013



City of Carson Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Carson In Brief

Receipts from Carson's January through March sales were 17.7% lower than the same quarter one year ago. Actual sales activity decreased 20.8% after accounting aberrations were factored out.

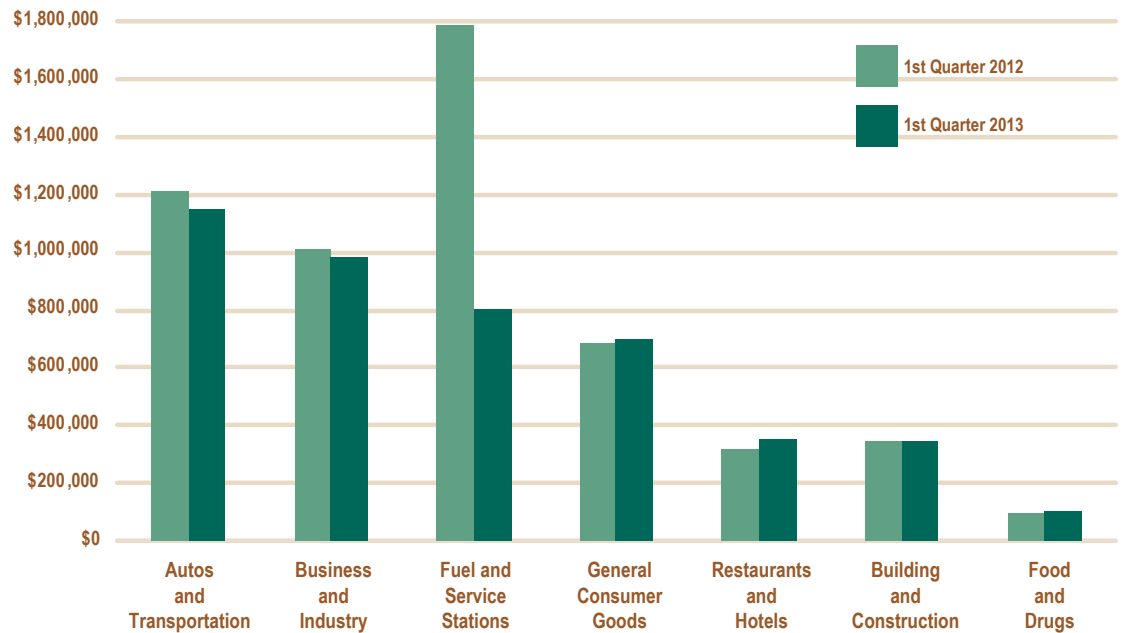
Onetime payments that temporarily inflated last year's allocation from service stations were primarily responsible for the overall decline. While several autos and transportation group sectors enjoyed higher sales, declining new vehicle sales offset and depressed total group results.

Despite a positive accounting adjustment to trailer/auto parts, lower sales negatively impacted several business and industry group categories, particularly the drugs/chemical sector, depressing overall group returns. A smaller allocation from the countywide use tax pool further contributed to the decline.

The losses were partially offset by new eatery openings and improved net restaurant sales along with stronger sales from some general consumer goods sectors.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 4.9% over the comparable time period, while the Southern California region as a whole was up 6.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Albemarle Corporation	Ikea
Arco AM PM	Lakeshore Learning Materials
Arco Material Supply	Los Angeles Truck Centers
Car Pros Kia	McJunkin Red Man
Carson Honda	Ondeo Nalco
Carson Nissan	Perfect Fit
Carson Toyota	Rapid Gas
Chemoil	Rhodia
En Pointe Technologies	Sears
HD Supply Repair & Remodel	Target
Herbalife	Tesoro Refining & Marketing
Hertz Equipment Rental	Win Hyundai
Home Depot	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$18,921,371	\$19,243,825
County Pool	2,080,349	2,286,772
State Pool	7,836	9,420
Gross Receipts	\$21,009,557	\$21,540,016
Less Triple Flip*	\$(5,252,389)	\$(5,385,004)

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

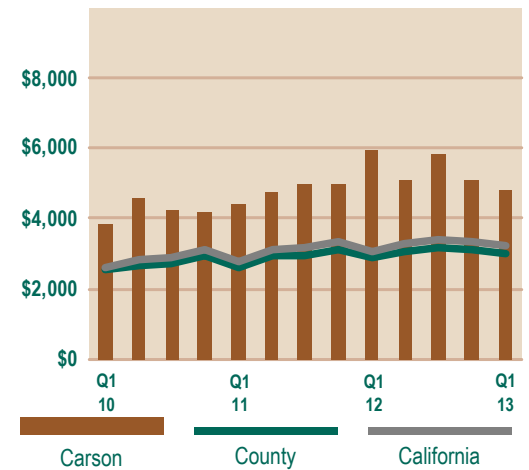
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



CARSON TOP 15 BUSINESS TYPES

Business Type	Carson		County	HdL State
	Q1 '13*	Change	Change	Change
Auto Lease	68.8	75.3%	18.0%	37.4%
Contractors	116.4	44.3%	-2.2%	5.8%
Department Stores	77.4	8.8%	4.6%	4.6%
Discount Dept Stores	218.9	6.6%	5.4%	5.1%
Drugs/Chemicals	385.0	-34.9%	-0.9%	2.9%
Home Furnishings	207.2	1.3%	2.6%	4.4%
Light Industrial/Printers	75.3	-7.9%	1.9%	7.3%
Lumber/Building Materials	184.4	-8.2%	-1.2%	7.1%
New Motor Vehicle Dealers	897.1	-12.7%	4.5%	9.5%
Office Supplies/Furniture	126.0	-43.7%	2.5%	-0.6%
Petroleum Prod/Equipment	421.0	49.9%	-9.3%	-3.4%
Repair Shop/Equip. Rentals	77.3	13.1%	22.8%	-0.7%
Restaurants No Alcohol	251.4	10.0%	4.4%	5.9%
Service Stations	374.9	-74.2%	-6.0%	-2.2%
Trailers/Auto Parts	90.7	141.5%	20.2%	31.4%
Total All Accounts	\$4,445.5	-18.5%	5.0%	5.7%
County & State Pool Allocation	522.0	-10.6%		
Gross Receipts	\$4,967.5	-17.7%		<i>*In thousands</i>