

Q3 2014



City of Carson Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

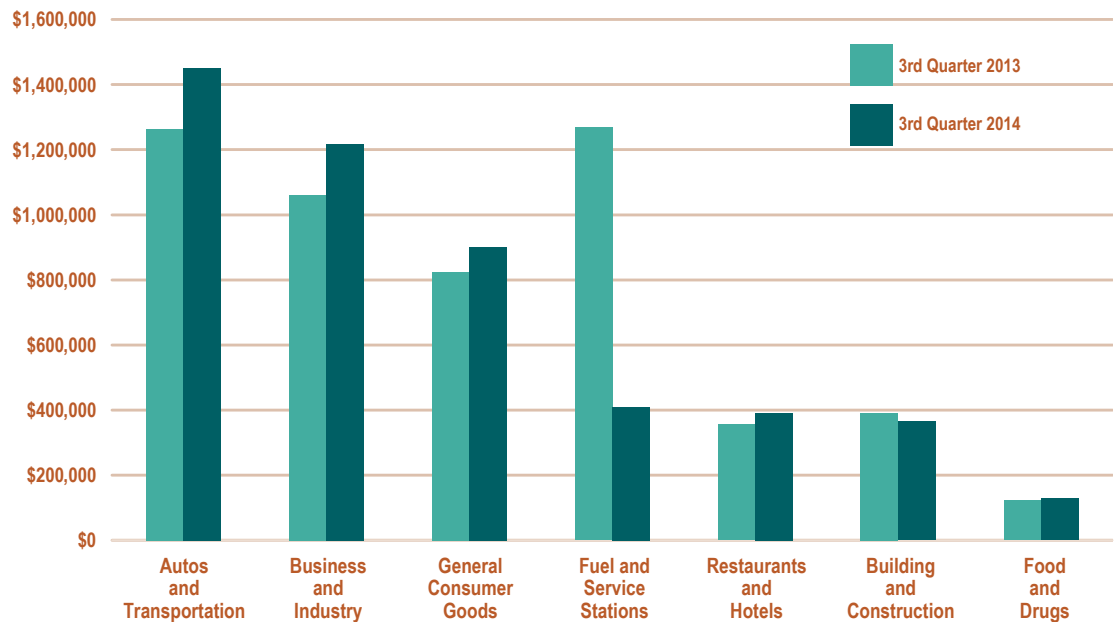
Carson In Brief

Carson's allocation of sales and use tax revenues from its July through September sales was 8.1% lower than the same quarter one year ago. However, the comparison was skewed by various accounting adjustments within the business-industry, fuel-service station and general consumer goods groups. Actual sales activity was up 4.5% when these and other reporting anomalies were factored out.

A solid quarter for most categories of auto related sales and leases and the previous addition of several restaurants all contributed to the actual increase. A onetime capital purchase within the light industry classification was also a factor.

Adjusted for aberrations, sales and use tax receipts for all of Los Angeles County increased 5.7% over the comparable time period, while the Southern California region as a whole was up 5.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Hyundai Lease
Buswest	Titling Trust
Car Pros Kia	Ikea
Carson Honda	Lakeshore Learning
Carson Nissan	Materials
Carson Toyota	Los Angeles Truck
CCL Tube	Centers
Cruise America	Ondeo Nalco
Edco Stations	Perfect Fit
En Pointe	Rhodia
Technologies	Sears
HD Supply Repair & Remodel	Target
Herbalife	Tesoro Refining & Marketing
Home Depot	United Oil
	Win Hyundai

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$11,742,118	\$9,755,269
County Pool	1,309,228	1,137,420
State Pool	6,442	7,032
Gross Receipts	\$13,057,787	\$10,899,721
Less Triple Flip*	\$(3,264,447)	\$(2,724,930)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

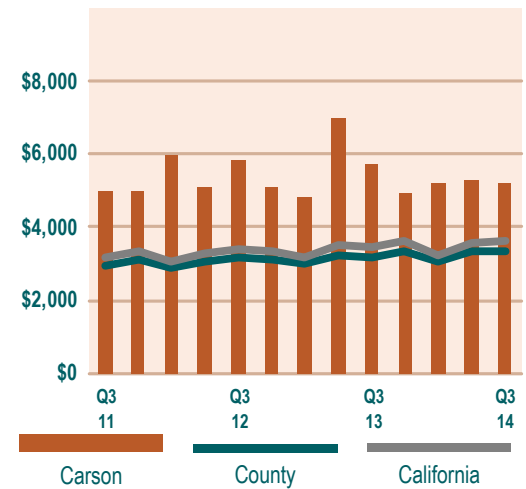
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

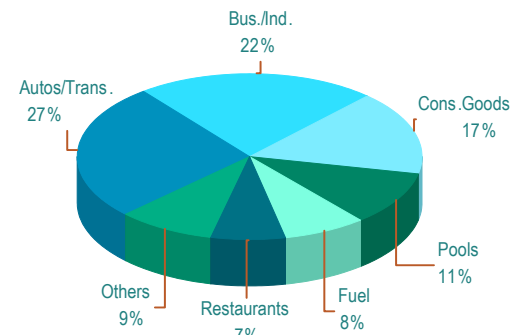
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Carson This Quarter



CARSON TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Carson Q3 '14*	Change	County Change	HdL State Change
Auto Lease	92.9	12.7%	5.6%	3.2%
Casual Dining	88.4	8.7%	5.8%	6.0%
Contractors	106.8	1.9%	6.3%	11.6%
Department Stores	— CONFIDENTIAL —	—	0.9%	0.8%
Discount Dept Stores	— CONFIDENTIAL —	—	2.5%	2.5%
Drugs/Chemicals	391.2	-2.5%	-4.1%	8.2%
Heavy Industrial	101.5	16.9%	11.3%	10.1%
Home Furnishings	— CONFIDENTIAL —	—	7.5%	6.5%
Light Industrial/Printers	218.7	214.8%	8.6%	6.5%
Lumber/Building Materials	214.7	-5.8%	0.1%	4.6%
New Motor Vehicle Dealers	1,148.4	18.9%	7.6%	8.0%
Quick-Service Restaurants	216.6	7.2%	8.2%	8.5%
Service Stations	486.1	-58.6%	-2.2%	1.2%
Specialty Stores	— CONFIDENTIAL —	—	7.0%	5.9%
Trailers/Auto Parts	109.2	12.6%	-5.9%	4.5%
Total All Accounts	\$4,860.9	-8.0%	5.7%	5.5%
County & State Pool Allocation	\$579.1	-8.9%	4.6%	10.2%
Gross Receipts	\$5,440.1	-8.1%	5.6%	6.1%