

Q4 2014



City of Carson Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

Carson In Brief

Receipts for Carson's October through December sales were 1.4% higher than the same quarter one year ago.

Strong new car sales and leasing activity buoyed autos and transportation revenues and was primarily responsible for the overall quarterly increase.

New eatery openings and net higher sales boosted all restaurant and hotel categories. A larger allocation from the countywide use tax pool further contributed to the increase.

The gains were largely offset by a payment adjustment that negatively impacted business and industry results while receipts that were incorrectly allocated temporarily depressed returns from general consumer goods. Lower fuel prices that depressed fuel and service station revenues was also a factor.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 5.0% over the comparable time period, while the Southern California region as a whole was up 4.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Buswest	McJunkin Red Man
Car Pros Kia	Ondeo Nalco
Carson Honda	Pacific Uniform Service
Carson Nissan	Penske Truck Leasing
Carson Toyota	Perfect Fit
HD Supply Repair & Remodel	Rhodia
Herbalife	Sears
Hertz Equipment Rental	Southbay Truck Center/Buswest
Home Depot	Target
Hyundai Lease Titling Trust	Tesoro Refining & Marketing
JC Penney	United Oil
K Mart	Win Hyundai
Lakeshore Learning Materials	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$16,304,867	\$14,337,352
County Pool	1,889,775	1,766,748
State Pool	9,606	12,094
Gross Receipts	\$18,204,248	\$16,116,194
Less Triple Flip*	\$(4,551,062)	\$(4,029,049)

*Reimbursed from county compensation fund

Holiday Quarter Up

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

Gasoline Supply and Demand

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

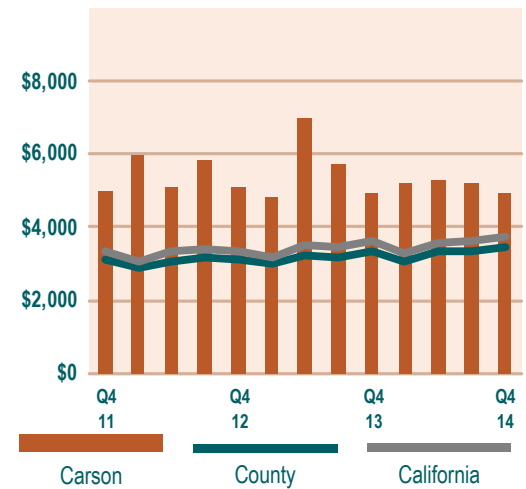
Triple Flip Unwind

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

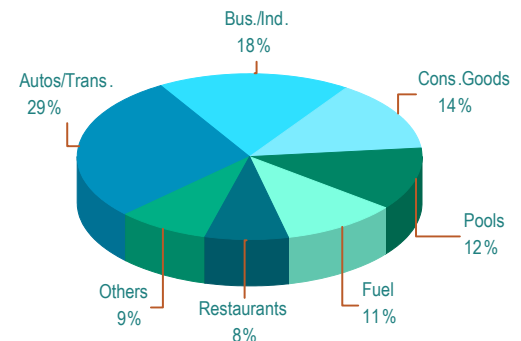
The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Carson This Quarter



CARSON TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Carson Q4 '14*	Carson Change	County Change	HdL State Change
Auto Lease	108.1	32.1%	2.1%	-0.1%
Casual Dining	101.9	13.9%	5.9%	6.4%
Department Stores	— CONFIDENTIAL —	—	1.7%	1.0%
Discount Dept Stores	— CONFIDENTIAL —	—	1.3%	0.9%
Drugs/Chemicals	308.4	-10.8%	-13.8%	8.8%
Heavy Industrial	109.0	17.5%	23.9%	14.5%
Lumber/Building Materials	201.0	18.4%	3.6%	-0.6%
New Motor Vehicle Dealers	1,163.5	22.4%	7.2%	7.6%
Petroleum Prod/Equipment	83.3	39.2%	-18.2%	-9.5%
Quick-Service Restaurants	229.4	9.2%	8.2%	7.4%
Repair Shop/Equip. Rentals	94.7	4.7%	-3.5%	-4.1%
Service Stations	433.0	-11.8%	-13.8%	-10.6%
Specialty Stores	103.6	9.7%	7.2%	5.5%
Trailers/Auto Parts	125.2	23.4%	46.2%	27.6%
Transportation/Rentals	79.7	0.5%	13.3%	8.8%
Total All Accounts	\$4,582.1	0.4%	4.1%	3.8%
County & State Pool Allocation	\$634.4	8.7%	12.7%	4.7%
Gross Receipts	\$5,216.5	1.4%	5.1%	3.9%