

# Q1 2015



# City of Carson Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

## Carson In Brief

Receipts for Carson's January through March sales were 5.4% higher than the same quarter one year ago. Actual sales activity was down 2.9% when reporting aberrations were factored out.

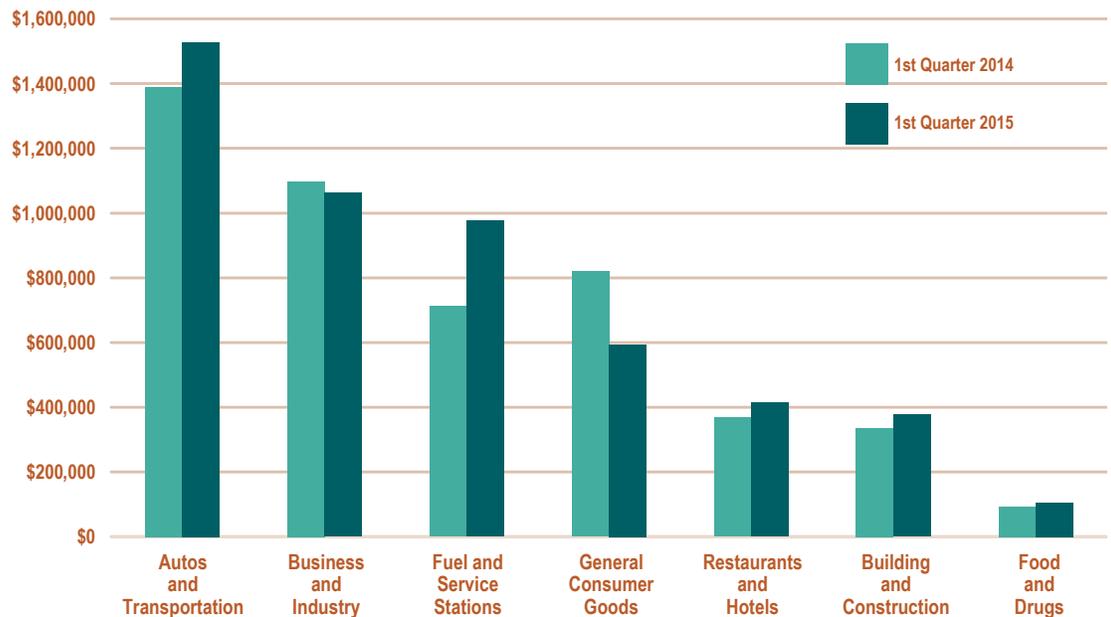
Onetime adjustments that boosted receipts from the fuel and service stations group were largely responsible for temporarily lifting the city's overall results. In addition, payment anomalies inflated building and construction sector receipts.

Autos and transportation posted higher receipts from car sales and leases. Restaurants receipts were also up, with strong gains from quick service and casual eateries. The addition of a new grocery store was a significant factor in the overall increase from the food and drugs group.

The increases were partially offset by sales declines from multiple categories of business and industry including office supplies, drugs and chemicals, and heavy industrial supplies.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 3.0% over the comparable time period, while the Southern California region as a whole was up 3.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Amerigas Propane	Hyundai Lease
BP West Coast Products	Titling Trust
Buswest	Lakeshore Learning Materials
Car Pros Kia	McJunkin Red Man
Carson Honda	Ondeo Nalco
Carson Nissan	Perfect Fit
Carson Toyota	Sears
En Pointe Technologies	Southbay Truck Center/Buswest
HD Supply Repair & Remodel	Sterling Computers
Herbalife	Target
Hertz Equipment Rental	Tesoro Refining & Marketing
HM Carpet	United Oil
Home Depot	Win Hyundai Carson

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$21,119,349	\$19,394,254
County Pool	2,492,103	2,421,938
State Pool	14,110	12,195
<b>Gross Receipts</b>	<b>\$23,625,562</b>	<b>\$21,828,387</b>
Less Triple Flip*	\$(5,906,391)	\$(5,457,097)

\*Reimbursed from county compensation fund

**California as a Whole**

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

**Tax on Services**

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

**Tax on Jet Fuel**

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

**Tax on Marijuana**

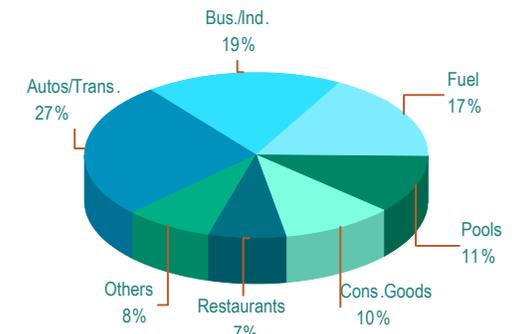
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Carson This Quarter



**CARSON TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Carson Q1 '15*	Change	County Change	HdL State Change
Auto Lease	129.4	39.8%	18.3%	21.5%
Casual Dining	121.6	18.2%	4.9%	5.1%
Contractors	97.0	-4.5%	10.7%	14.4%
Discount Dept Stores	— CONFIDENTIAL —		4.3%	4.2%
Drugs/Chemicals	301.8	-22.1%	0.3%	7.8%
Heavy Industrial	96.9	-25.7%	17.3%	12.9%
Light Industrial/Printers	88.3	22.6%	1.1%	6.1%
Lumber/Building Materials	208.2	7.4%	-3.7%	-3.0%
New Motor Vehicle Dealers	1,185.6	6.5%	8.4%	11.1%
Office Supplies/Furniture	152.9	-7.8%	62.0%	0.8%
Quick-Service Restaurants	218.2	9.3%	10.2%	10.8%
Repair Shop/Equip. Rentals	92.3	7.2%	-6.1%	0.7%
Service Stations	829.7	73.3%	-21.9%	-21.9%
Specialty Stores	109.0	24.2%	8.7%	10.1%
Trailers/Auto Parts	97.4	2.6%	-0.3%	11.5%
<b>Total All Accounts</b>	<b>\$5,056.9</b>	<b>5.0%</b>	<b>3.0%</b>	<b>3.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$655.3</b>	<b>8.0%</b>	<b>5.9%</b>	<b>1.1%</b>
<b>Gross Receipts</b>	<b>\$5,712.2</b>	<b>5.4%</b>	<b>3.3%</b>	<b>3.3%</b>