

Q3 2015



City of Carson Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Carson In Brief

Receipts from Carson's July through September sales were 14.0% higher than the same quarter one year ago. Actual sales increased 10.8% after accounting aberrations were factored out.

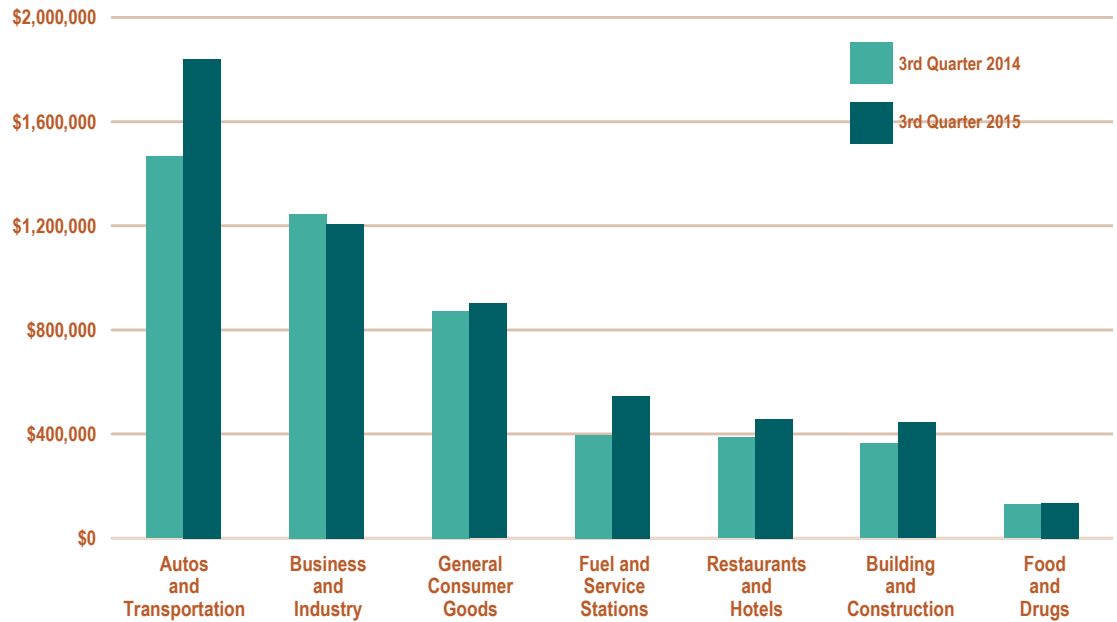
Strong new car sales and leasing activity buoyed autos and transportation revenues and was a significant factor in the overall quarterly increase.

Despite continued lower fuel prices, a large year-ago negative payment adjustment exaggerated current quarter positive results for fuel and service stations. A new business addition and robust contractor material and supply sales boosted building and construction receipts. A larger allocation from the countywide use tax pool was also a factor.

The gains were partially offset by lower sales in several business to business sectors which depressed business and industry results.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.6% over the comparable time period, while the Southern California region was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Home Depot
Buswest	Hyundai Lease
Car Pros Kia	Titling Trust
Carson Honda	Ikea
Carson Nissan	Lakeshore Learning Materials
Carson Toyota	McJunkin Red Man
Cruise America	Ondeo Nalco Company
Eco Services Intermediate Holdings	Penske Truck Leasing
En Pointe Technologies	Perfect Fit
Ferguson Plumbing	Southbay Truck Center/Buswest
HD Supply Repair & Remodel	Target
Herbalife	United Oil
Hertz Equipment Rental	Win Hyundai Carson

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$9,755,269	\$11,214,391
County Pool	1,137,420	1,402,709
State Pool	7,032	5,811
Gross Receipts	\$10,899,721	\$12,622,911
Less Triple Flip*	\$(2,724,930)	\$(3,155,728)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

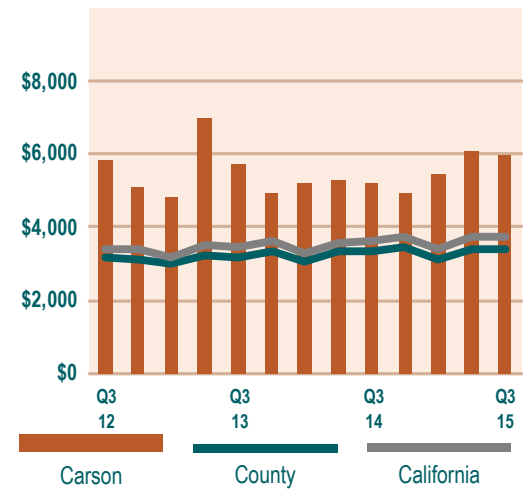
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

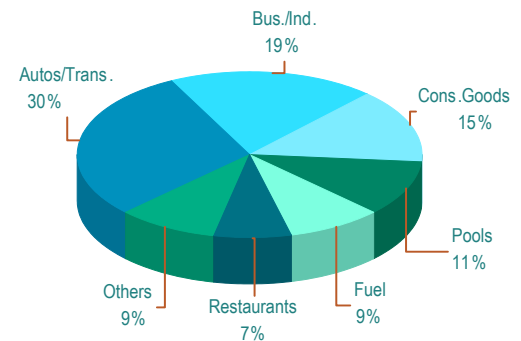
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Carson This Quarter



CARSON TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Carson Q3 '15*	Change	County Change	HdL State Change
Auto Lease	137.9	48.5%	18.1%	25.6%
Casual Dining	110.0	25.2%	7.3%	5.4%
Contractors	110.7	7.9%	15.0%	13.0%
Discount Dept Stores	— CONFIDENTIAL —	—	2.5%	2.1%
Drugs/Chemicals	416.9	6.6%	-5.7%	0.5%
Home Furnishings	— CONFIDENTIAL —	—	4.9%	5.0%
Light Industrial/Printers	102.5	-53.6%	-1.8%	1.7%
Lumber/Building Materials	234.7	9.3%	7.8%	6.7%
New Motor Vehicle Dealers	1,412.9	21.6%	7.6%	8.2%
Office Supplies/Furniture	177.1	94.8%	19.2%	1.8%
Quick-Service Restaurants	220.1	7.2%	5.0%	6.8%
Repair Shop/Equip. Rentals	92.2	12.5%	11.5%	3.4%
Service Stations	441.0	-9.2%	-9.2%	-11.8%
Specialty Stores	— CONFIDENTIAL —	—	9.7%	5.8%
Transportation/Rentals	— CONFIDENTIAL —	—	-1.2%	1.1%
Total All Accounts	5,534.6	13.9%	2.3%	2.3%
County & State Pool Allocation	665.0	14.8%	3.2%	3.5%
Gross Receipts	6,199.5	14.0%	2.4%	2.4%