

# Q1 2016



# City of Carson Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

## Carson In Brief

Carson's receipts from January through March were 1.5% below the first sales period in 2015. Though excluding payment aberrations actual sales were up 2.4%.

New car sales and auto leasing transactions continued to surge, significantly outpacing county and statewide trends as activity has begun to level off in many jurisdictions.

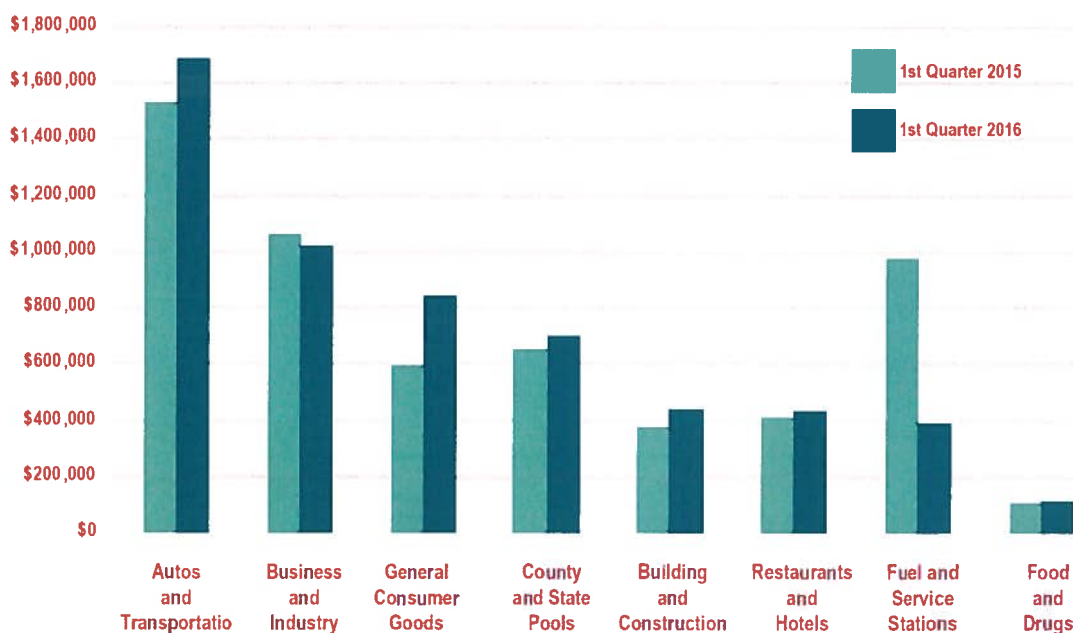
Payment anomalies that impacted this year as well as last year overstated sales from sporting good/bike stores and other sub-categories of general consumer goods.

Conversely, this year's comparison results were artificially diminished by a large additional allocation in 2015 from a fuel-service station supplier. The additional payment was made to correct a prior reporting error.

Business-industry sales were pared by the closure of an office supply/furniture vendor.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.7% over the comparable time period; the Southern California region was up 3.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABC Supply	Hyundai Lease
Buswest	Titling Trust
Car Pros Kia	Ikea
Carson Honda	Inland Kenworth
Carson Nissan	Lakeshore Learning Materials
Carson Toyota	Ondeo Nalco
Consolidated Electrical Distributors	Penske Truck Leasing
Eco Services	Perfect Fit
Ferguson Plumbing	Southbay Truck Center/Buswest
HD Supply Repair & Remodel	Target
Herbalife	Toyota Lease Trust
Hertz Equipment Rental	United Oil
Home Depot	Win Hyundai Carson

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
<b>Point-of-Sale</b>	\$19,394,254	\$21,685,191
<b>County Pool</b>	2,421,938	2,901,355
<b>State Pool</b>	12,195	15,235
<b>Gross Receipts</b>	\$21,828,387	\$24,601,781
<b>Less Triple Flip*</b>	\$(5,457,097)	\$(4,743,759)

\*Reimbursed from county compensation fund

**California Overall**

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

**Robust Growth in Online Sales**

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

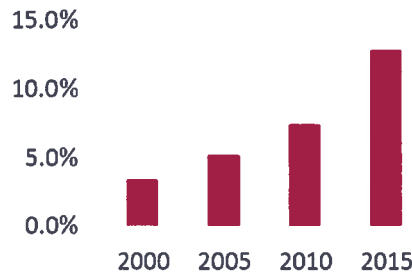
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

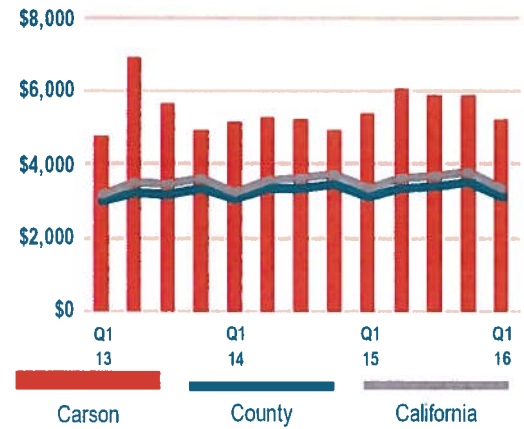
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

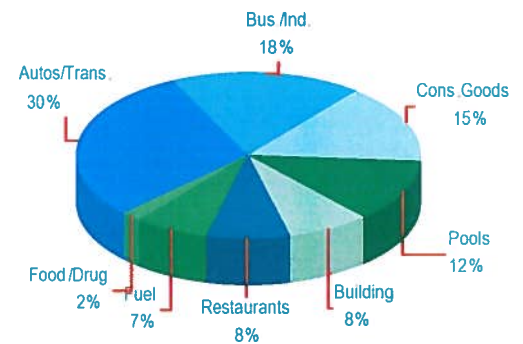
**Online General Consumer Goods  
YOY Percentage Growth**



**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP  
Carson This Quarter**



**CARSON TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Carson Q1 '16*	Carson Change	County Change	HdL State Change
Auto Lease	163.6	26.4%	11.4%	18.0%
Casual Dining	119.6	-4.2%	7.9%	5.7%
Contractors	95.8	-1.3%	6.6%	3.3%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.9%	-0.3%
Drugs/Chemicals	308.3	3.0%	-12.6%	-6.8%
Heavy Industrial	104.6	7.9%	3.2%	-1.8%
Home Furnishings	— CONFIDENTIAL —	—	-3.2%	3.0%
Light Industrial/Printers	96.4	12.4%	-3.4%	-1.6%
Lumber/Building Materials	238.3	14.5%	8.2%	5.4%
New Motor Vehicle Dealers	1,302.6	9.9%	3.3%	3.1%
Quick-Service Restaurants	229.8	3.6%	4.8%	6.4%
Repair Shop/Equip. Rentals	81.2	-12.0%	17.6%	17.0%
Service Stations	306.4	-10.3%	-7.4%	-9.4%
Specialty Stores	— CONFIDENTIAL —	—	5.8%	3.5%
Trailers/Auto Parts	111.9	14.8%	50.5%	21.4%
<b>Total All Accounts</b>	<b>4,928.2</b>	<b>-2.5%</b>	<b>1.7%</b>	<b>1.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>698.6</b>	<b>6.6%</b>	<b>11.3%</b>	<b>14.1%</b>
<b>Gross Receipts</b>	<b>5,626.7</b>	<b>-1.5%</b>	<b>2.8%</b>	<b>3.2%</b>