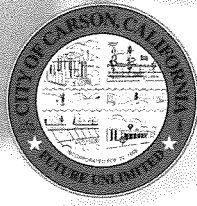


# Q3 2016



# City of Carson Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2016)

## Carson In Brief

Receipts from Carson's July through September sales were 2.5% higher than the same quarter one year ago. Actual sales activity increased 4.3% after accounting aberrations were factored out.

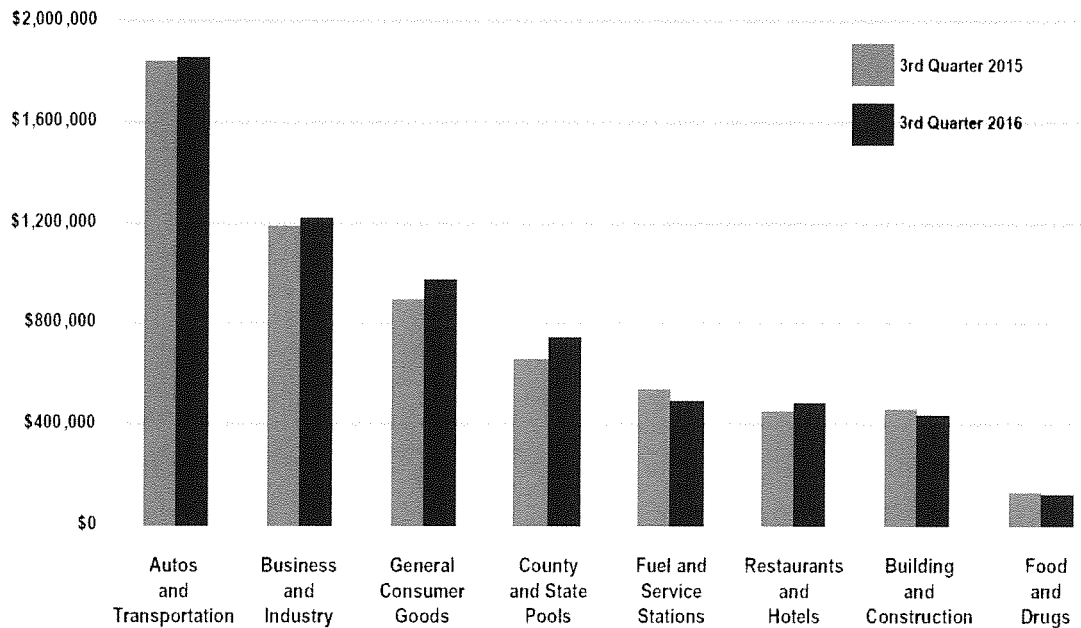
While new motor vehicle dealer sales and leasing were up, overall autos and transportation group results were mixed with a slight net gain in receipts. New eatery openings and net higher sales lifted all restaurant categories.

New retail outlet additions, a favorable payment adjustment, and brisk sales boosted general consumer goods. Despite a business closure and reporting problems which temporarily depressed the drugs/chemicals sector, overall business and industry results were positive. A larger allocation from the countywide use tax pool was also a factor.

The gains were partially offset by continued lower fuel prices which negatively impacted the fuel and service station group.

Net of aberrations, taxable sales for all of Los Angeles County grew 0.8% over the comparable time period; while the Southern California region was up 1.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Amerigas Propane	Hyundai Lease
Buswest	Titling Trust
Cabi	Ikea
Car Pros Kia	JC Penney
Carson Honda	Lakeshore Learning Materials
Carson Nissan	McJunkin Red Man
Carson Toyota	Ondeo Nalco Company
Cruise America	Perfect Fit
Eco Services Operations Corp	Southbay Truck Center/Buswest
Ferguson Plumbing	Target
Herbalife	Toyota Lease Trust
Home Depot	United Oil
Home Depot Sports Center	Win Hyundai Carson

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$11,214,391	\$10,890,324
County Pool	1,402,709	1,542,631
State Pool	5,811	3,778
<b>Gross Receipts</b>	<b>\$12,622,911</b>	<b>\$12,436,733</b>
Less Triple Flip*	\$(3,155,728)	\$0

\*Reimbursed from county compensation fund

**Statewide Results**

Statewide local sales and use taxes from transactions occurring July through September were up 1.9% over the same third sales quarter of 2015 after factoring for accounting anomalies.

The countywide use tax allocation pools contributed the largest portion of the increase reflecting the acceleration in online shopping where most orders are shipped from out-of-state. Automotive group receipts rose 5.4% over the year-ago period although more than half of the increase was from a specific electric car manufacturer. Higher returns from restaurants and sales of building/construction materials also contributed to the statewide gain.

The gains were significantly offset by a 14.6% drop in receipts from fuel and service stations and a generally flat quarter for other economic segments. General consumer goods grew less than 1%. Value priced clothing, pet shops, cosmetics and dollar stores were among the few bright spots.

Business and industrial tax revenue was down 1.9%. Relatively healthy sales of agricultural and medical/biotech supplies could not overcome the decline in new alternative energy projects and a flat quarter for most other categories.

**The Year Ahead**

The consensus from dozens of industry analysts, economic think tanks and trade associations is for a leveling off in the rate of sales tax growth that the state has enjoyed for the last six years.

Manufacturer incentives are expected to produce lower gains from new vehicle purchases through the end of 2016 and it is believed that dealers are now borrowing from 2017 sales. Vehicle sales are expected to drop in 2017-18 but the trend toward higher priced vehicles loaded with options could maintain tax revenues close to current levels.

Consumer preferences toward spending more on services rather than goods, digital downloading of previously taxable products and rising health care and housing costs will be a drag on sales of consumer

goods.

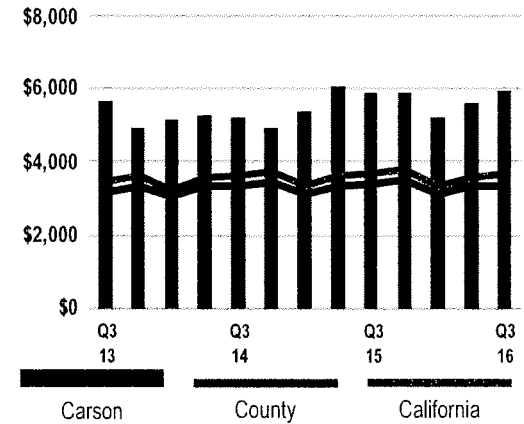
Receipts from fuel and service stations may be one of the largest gainers in 2017-18. New Middle East agreements on production caps are raising crude oil prices while California's limited refinery capacity and the trend toward less fuel-efficient SUV's and trucks have analysts believing that prices have finally leveled out and will rise through the year.

Continuing gains from restaurants are also expected although at lower than previous rates because of reduced grocery prices and the cost of eating at home. The growing strength of the dollar and recent criticisms of trade agreements and immigrants could reduce international tourism.

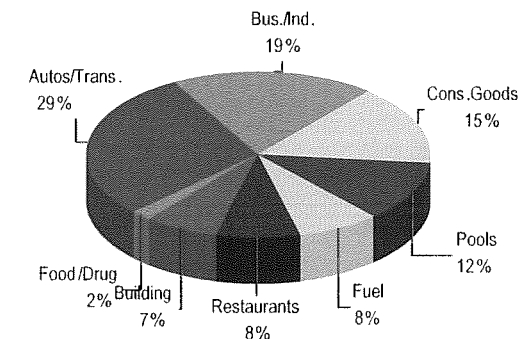
It usually takes up to two years for new stimulus programs to be reflected in sales tax receipts. As many of the coming administration's proposals related to trade, immigration, health services and the environment present potential issues for a significant number of California industries, delays in major construction projects and business/industrial investments are expected until these are sorted out.

HdL's current forecast is for a statewide increase of 2.5% in 2016-17 and 3.4% in 2017-18 compared to a year earlier.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP  
Carson This Quarter**



**CARSON TOP 15 BUSINESS TYPES**

*\*In thousands of dollars*

Business Type	Carson		County	HdL State
	Q3 '16*	Change	Change	Change
Auto Lease	170.2	23.5%	13.6%	14.9%
Casual Dining	133.6	16.2%	5.0%	4.5%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.4%	-0.4%
Drugs/Chemicals	355.3	-13.9%	2.2%	4.4%
Heavy Industrial	109.0	14.9%	7.3%	6.1%
Home Furnishings	— CONFIDENTIAL —	—	-1.8%	-0.2%
Light Industrial/Printers	94.1	-8.1%	-0.9%	-1.3%
Lumber/Building Materials	215.8	-8.1%	4.8%	6.9%
New Motor Vehicle Dealers	1,453.4	2.9%	2.9%	4.8%
Plumbing/Electrical Supplies	109.9	11.2%	1.7%	4.6%
Quick-Service Restaurants	233.5	4.0%	10.3%	8.9%
Service Stations	361.7	-17.8%	-18.3%	-13.8%
Specialty Stores	— CONFIDENTIAL —	—	3.3%	2.1%
Textiles/Furnishings	— CONFIDENTIAL —	—	13.4%	25.3%
Trailers/Auto Parts	104.3	16.1%	-0.9%	15.3%
<b>Total All Accounts</b>	<b>5,605.8</b>	<b>1.3%</b>	<b>0.3%</b>	<b>0.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>751.3</b>	<b>13.0%</b>	<b>11.9%</b>	<b>11.5%</b>
<b>Gross Receipts</b>	<b>6,357.1</b>	<b>2.5%</b>	<b>1.6%</b>	<b>2.2%</b>