



News Release

Michelle Steel, Member

3rd District – Rolling Hills Estates

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MICHELLE STEEL RELEASES 4TH QUARTER 2006 TAXABLE SALES REPORT *Irvine, Newport Beach, La Quinta, Chula Vista Show Double Digit Sales Growth*

(Rolling Hills Estates) – Michelle Steel, Third District Member of the Board of Equalization, today released figures indicating taxable sales in California increased modestly in the fourth quarter of 2006, reflecting slower overall economic growth in the second half of the year.

Taxable sales totaled \$146.5 billion in the fourth quarter 2006, up \$3.0 billion (2.1%) from the fourth quarter of 2005. Growth was similar to that of the third quarter 2006, when taxable sales rose 2.3 percent.

Imperial and Orange counties had faster than statewide average taxable sales growth of 3.0 and 2.8 percent over the fourth quarter of 2005. Taxable sales in the Inland Empire were nearly unchanged, increasing 0.3 percent. Irvine was one of the fastest growing large cities in California, with an increase in taxable sales of 5.5 percent. Taxable sales in the city of San Diego increased 2.6 percent. Cities with double digit growth rates include La Quinta, Chula Vista, and Newport Beach.

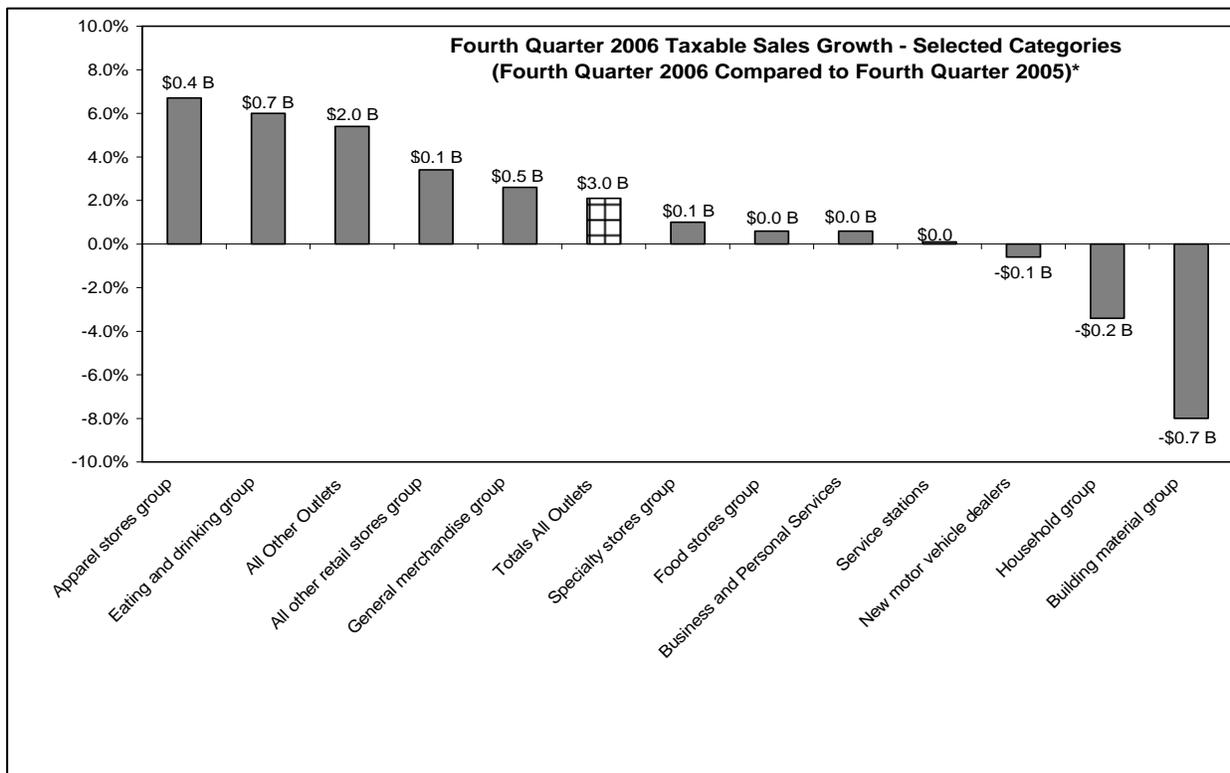
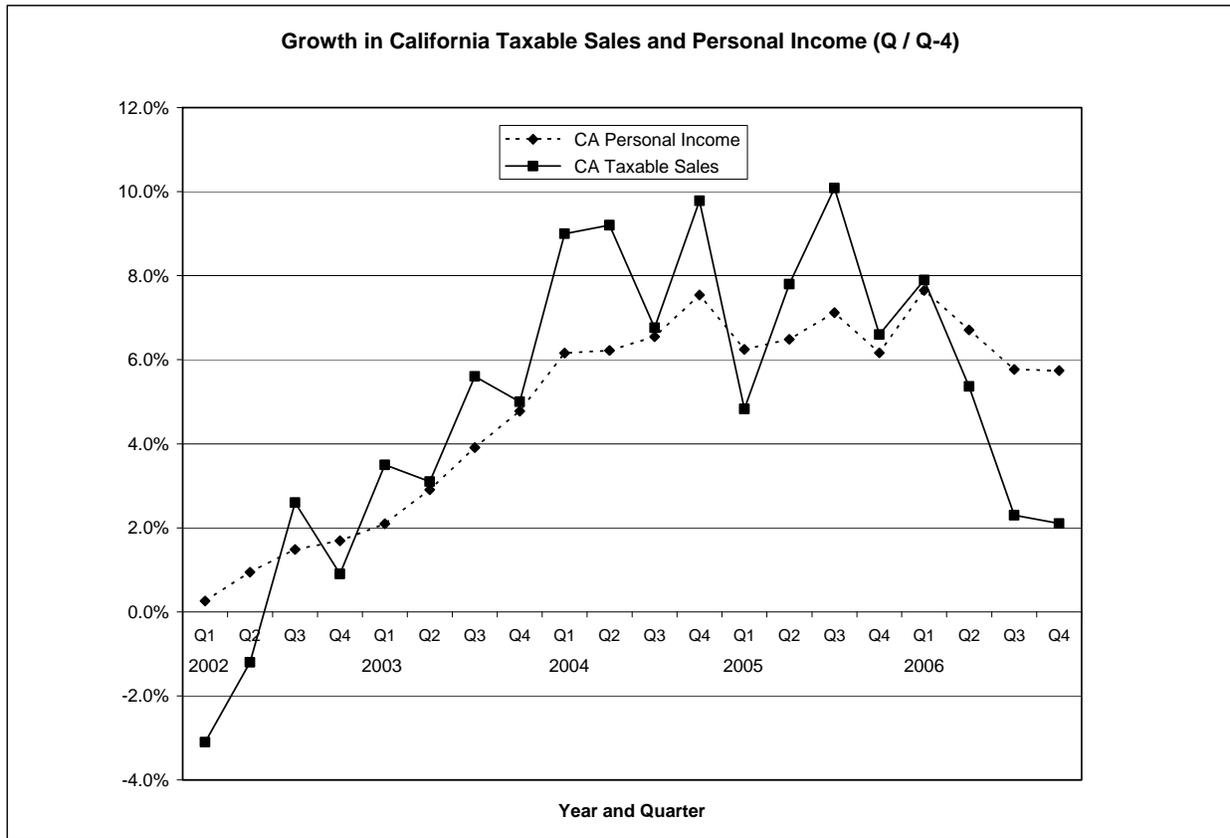
In a pattern comparable to the third quarter 2006, taxable sales statewide in the fourth quarter 2006 rose much more slowly than personal income. California personal income increased 5.7 percent in the fourth quarter 2006 (*Editor's note: See chart.*) California median home prices of existing single-family detached homes increased just 2.5 percent in the fourth quarter 2006, down from 13.4 percent growth in the first quarter 2006.

Retail stores posted fourth quarter 2006 taxable sales of \$102.0 billion, a 0.9 percent increase over the same period in 2005. Retailers of nondurable goods rose 3.1 percent, while durable goods declined 1.4 percent. Declines in sales by building materials dealers, household furnishings dealers, and new car dealers were responsible for the weak durable goods receipts in the fourth quarter 2006. Taxable sales reported by service stations were \$10.0 billion in the fourth quarter 2006, up just 0.1 percent.

Apparel store sales increased 6.7 percent, the largest gain of any major category in the fourth quarter 2006. (*Editor's note: See chart.*) Taxable sales made by apparel stores were \$6.1 billion in the fourth quarter 2006. Restaurant sales (eating and drinking group in the chart) had the next largest increase, 6.0 percent in fourth quarter 2006.

Fourth quarter 2006 taxable sales by new car dealers were \$13.8 billion, down 0.6 percent from same quarter in 2005. New vehicle registrations in California were down even more, 6.8 percent in the fourth quarter 2006. Taxable sales made by building materials dealers decreased 8.0 percent in the fourth quarter 2006, totaling \$8.6 billion. The steep decline is consistent with a 12.8 percent reduction in the value of new building construction.

In constant dollar terms, taxable sales fourth quarter 2006 increased by 1.9 percent over the same quarter in 2005. The California Taxable Sales Deflator measured an inflation rate of 0.1 percent for the fourth quarter 2006; and the California CPI rose 2.8 percent over the same time period. (The CPI includes services, whose prices tend to increase faster than those of most taxable goods.)



**This chart highlights specific categories, but is not all inclusive. Please see link below for other figures.*

For a complete list of the taxable sales in California, visit: <http://www.boe.ca.gov/news/tsalescont06.htm>

Elected to the Board of Equalization in 2006, Michelle Steel serves as the country's highest ranking Korean-American elected official. She represents the over 8.5 million taxpayers of the Third Board of Equalization District, including the counties of Los Angeles, Orange, San Diego, Riverside, Imperial and San Bernardino.

The five-member State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects nearly \$53 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes.

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