



State Board of Equalization

# News Release

**Chairwoman Betty T. Yee**

**1<sup>st</sup> District – San Francisco**

Ramon J. Hirsig  
Executive Director  
[www.boe.ca.gov](http://www.boe.ca.gov)

**For Immediate Release**  
**January 2, 2008**

**Contact:** NR 79-Y  
**Anita Gore**  
**916-327-8988**

## **BETTY T. YEE RELEASES 4<sup>th</sup> QUARTER 2006 TAXABLE SALES REPORT** *SF Bay Area Growth Increased Faster than State Average*

Betty T. Yee, Chairwoman of the Board of Equalization (BOE), 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.

Fourth quarter 2006 taxable sales increased 7.2 percent in San Francisco, the fastest growth of the four cities in California with the largest populations. Taxable sales in the fourth quarter 2006 in the nine-county San Francisco Bay Area increased \$1.1 billion (3.4%) from the fourth quarter 2005, faster than the state average of 2.1 percent growth. Some cities in the high technology areas of Silicon Valley had exceptionally fast growth; Sunnyvale and Redwood City were among the leaders, with taxable sales rising 13.4 percent and 11.9 percent in the fourth quarter 2006.

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.

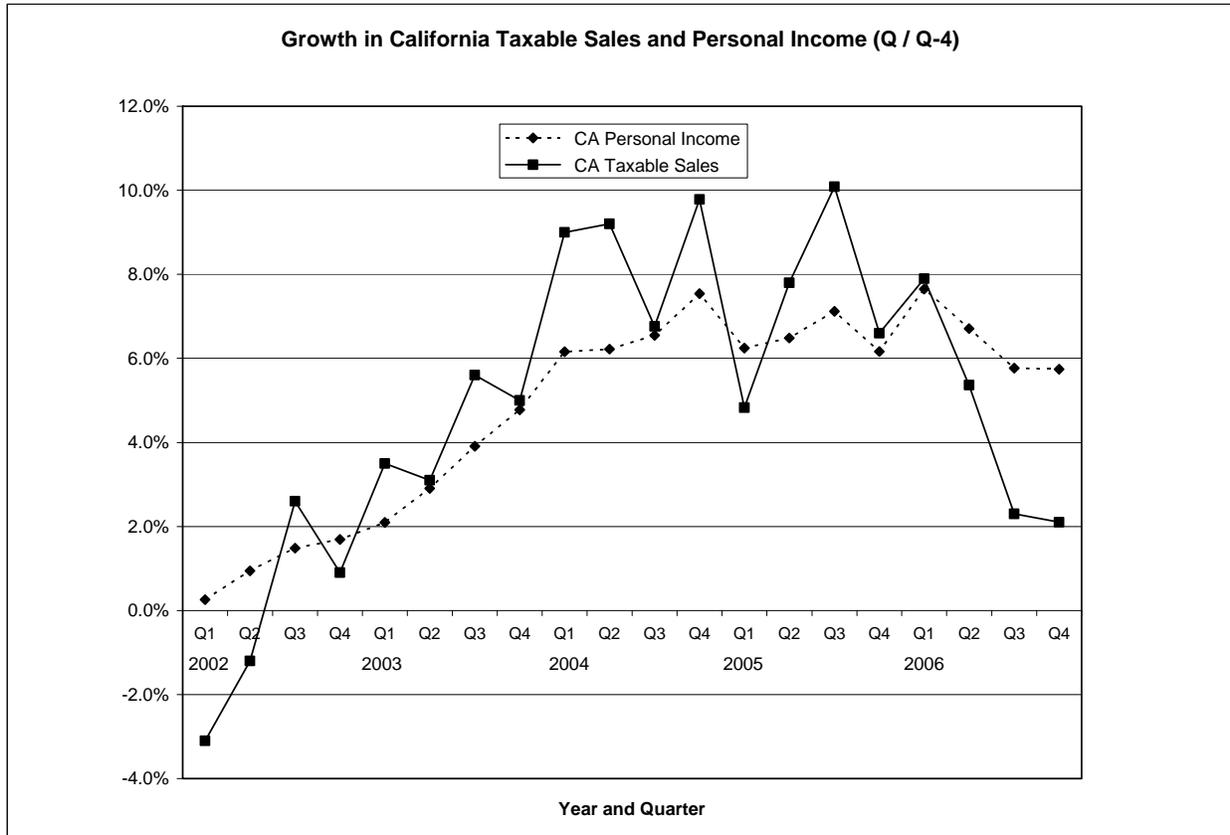
Retail stores posted fourth quarter 2006 taxable sales of \$102.0 billion, a 0.9 percent increase over the same period in 2005. Retailers of nondurable goods rose 3.1 percent, while durable goods declined 1.4 percent. Declines in sales by building materials dealers, household furnishings dealers, and 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.

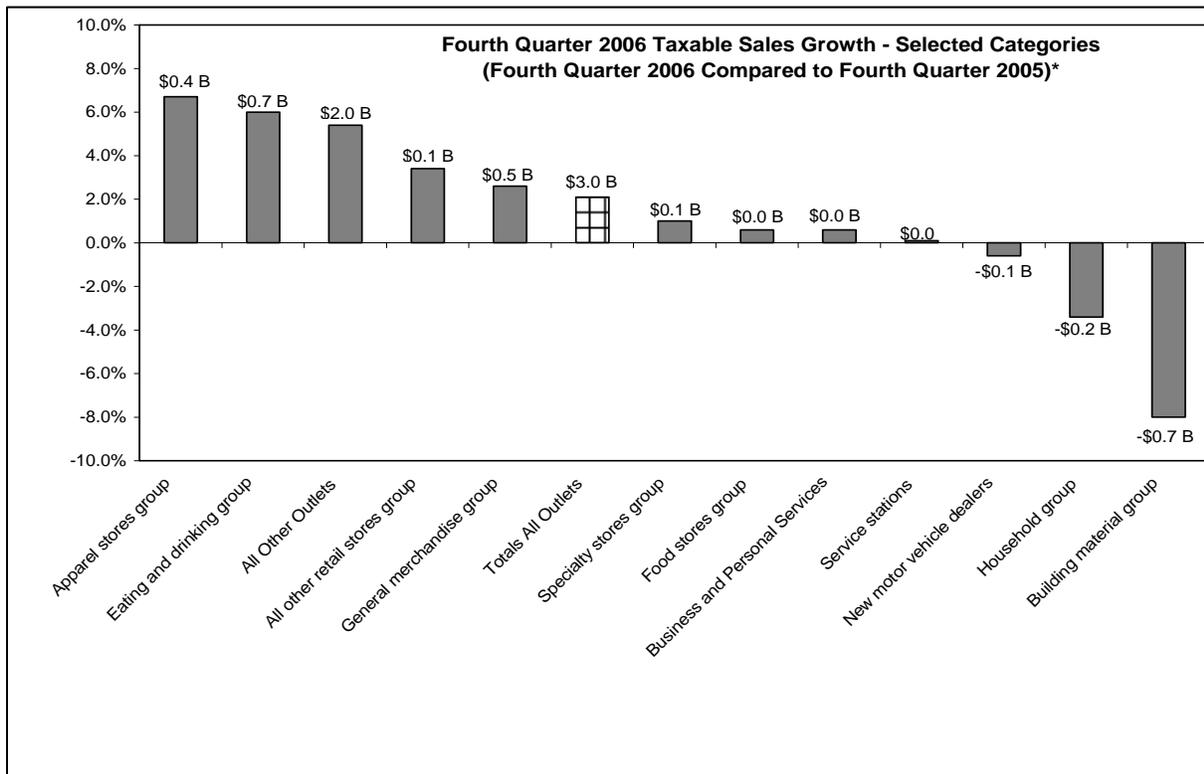
Apparel store sales increased 6.7 percent, the largest gain of any major category in the fourth quarter 2006. (*Editor's note: See chart.*) Taxable sales made by apparel stores were \$6.1 billion in the fourth quarter 2006. Restaurant sales (eating and drinking group in the chart) had the next largest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

Chairwoman Betty T. Yee was elected to her post in November 2006. Her district includes many of California’s coastal counties, from Del Norte to Santa Barbara, and includes the entire San Francisco Bay Area.

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.

###