



State Board of Equalization

News Release

Judy Chu, Ph.D.
Vice Chair

4th District – Los Angeles

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Judy Chu: California's 1st Quarter 2008 Taxable Sales Declined 3.7%

First Quarter 2008 Taxable Sales Decreased 2.3% in Los Angeles County

Judy Chu, Ph.D., Vice Chair of the State Board of Equalization (BOE), announced today that taxable sales in California decreased 3.7 percent in the first quarter of 2008, reflecting the beginning quarter of a national recession.

Taxable sales totaled \$127.9 billion in the first quarter of 2008, down \$4.9 billion from the first quarter of 2007.

This is the third consecutive quarter of declines in taxable sales. Taxable sales have not fallen in three consecutive quarters since 2002. Income growth continued to be much stronger than taxable sales, a trend seen since early 2007.

Editor's Note: Please see attached chart comparing California taxable sales and personal income from the first quarter of 2003 through the first quarter of 2008.

First quarter 2008 taxable sales decreased 2.3 percent in Los Angeles County, a smaller decline than the statewide average decrease of 3.7 percent. Taxable sales in the City of Los Angeles were down 0.2 percent, performing slightly better than taxable sales in Los Angeles County and statewide in the first quarter of 2008. A few cities in Los Angeles County had growth in taxable sales, including an increase in the first quarter of 2008 of 9.1 percent in Compton, 8.9 percent in El Segundo, and 2.9 percent in Santa Fe Springs.

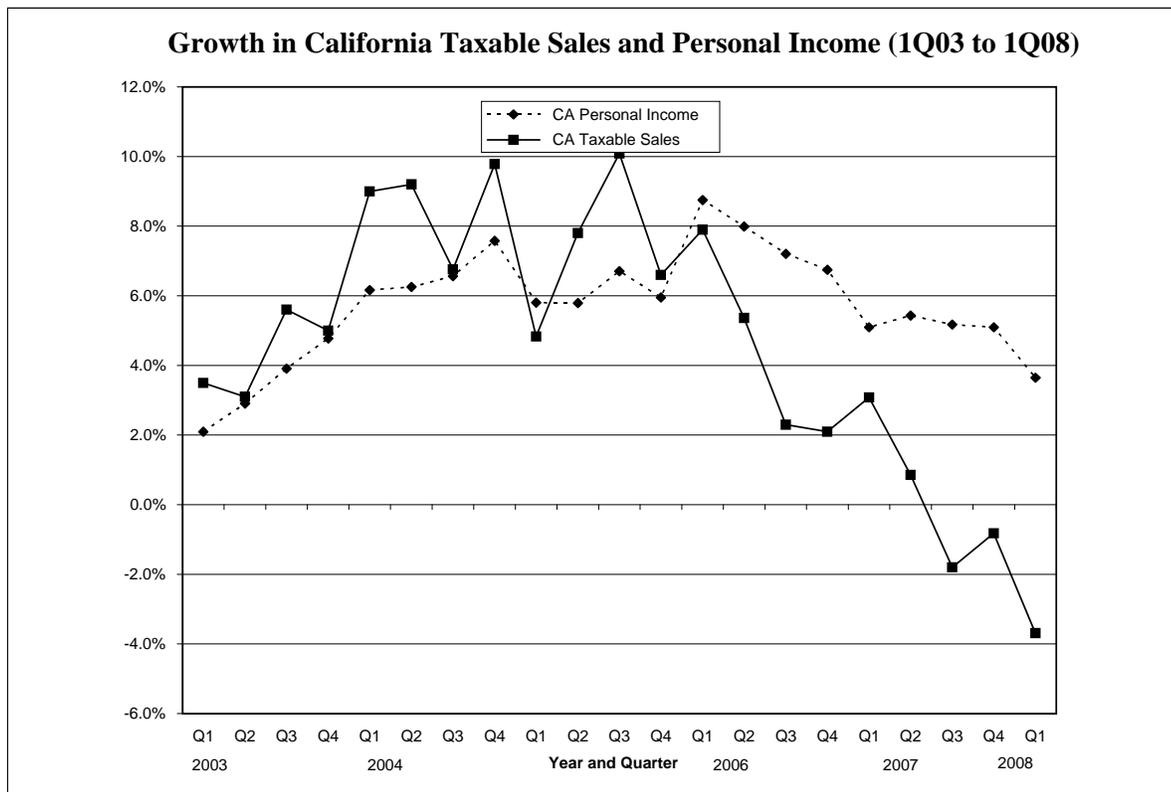
In constant dollar terms, taxable sales decreased by 6.3 percent over the same quarter a year ago. The California Taxable Sales Deflator measured an inflation rate of 2.8 percent for the first quarter of 2008. In contrast, the California CPI rose 3.2 percent. (The CPI includes services, whose prices tend to increase faster than those of most taxable goods.)

Constant-dollar taxable sales have not declined as much since 1991. They have not fallen in three consecutive quarters since 2002.

Taxable Sales in California is a quarterly report on retail sales activity in California, as measured by transactions subject to sales and use tax. It includes data about statewide taxable sales by type of business, as well as data about taxable sales in all California cities and counties from the first quarter of 2000 through the first quarter of 2008 and can be viewed on the BOE website at: www.boe.ca.gov/news/tsalescont.htm.

Taxable Sales in California First Quarter 2008: www.boe.ca.gov/news/tsalescont08.htm

Notice: In early 2007 the California State Board of Equalization (BOE) began a process of converting business codes of sales and use tax permit holders to North American Industry Classification System (NAICS) codes. Over one million permit holders will be converted over time from the previous business coding system to the NAICS codes. As a result of the coding change process, industry data for 2007 and 2008 are not comparable. Therefore, the BOE will not publish percentage changes by industry until the coding process has been substantially completed.



Vice Chair Judy Chu represents the Fourth Board of Equalization District, which includes Los Angeles County. She won election to the BOE in November 2006 and was elected Vice Chair of the Board of Equalization in January 2009.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$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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