



State Board of Equalization

# News Release

**Michelle Steel, Member**

**3<sup>rd</sup> District – Rolling Hills Estates**

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## **California Taxable Sales Declined 15% in 3Q09**

*Year-Over-Year Decline in Quarterly Taxable Sales Continues for Ninth Consecutive Quarter*

Michelle Steel, Third District Member of the State Board of Equalization (BOE), announced today that taxable sales in California declined 15 percent in the third quarter of 2009 when compared to the same quarter of the previous year.

Taxable sales in California totaled \$115.5 billion during the third quarter of 2009, a drop of \$20.4 billion (or 15 percent) from the third quarter of 2008. The year-over-year decline in quarterly taxable sales continued for the ninth consecutive quarter. However, the decline was not as steep as the previous quarter, when taxable sales dropped 19 percent on a year-over-year basis.

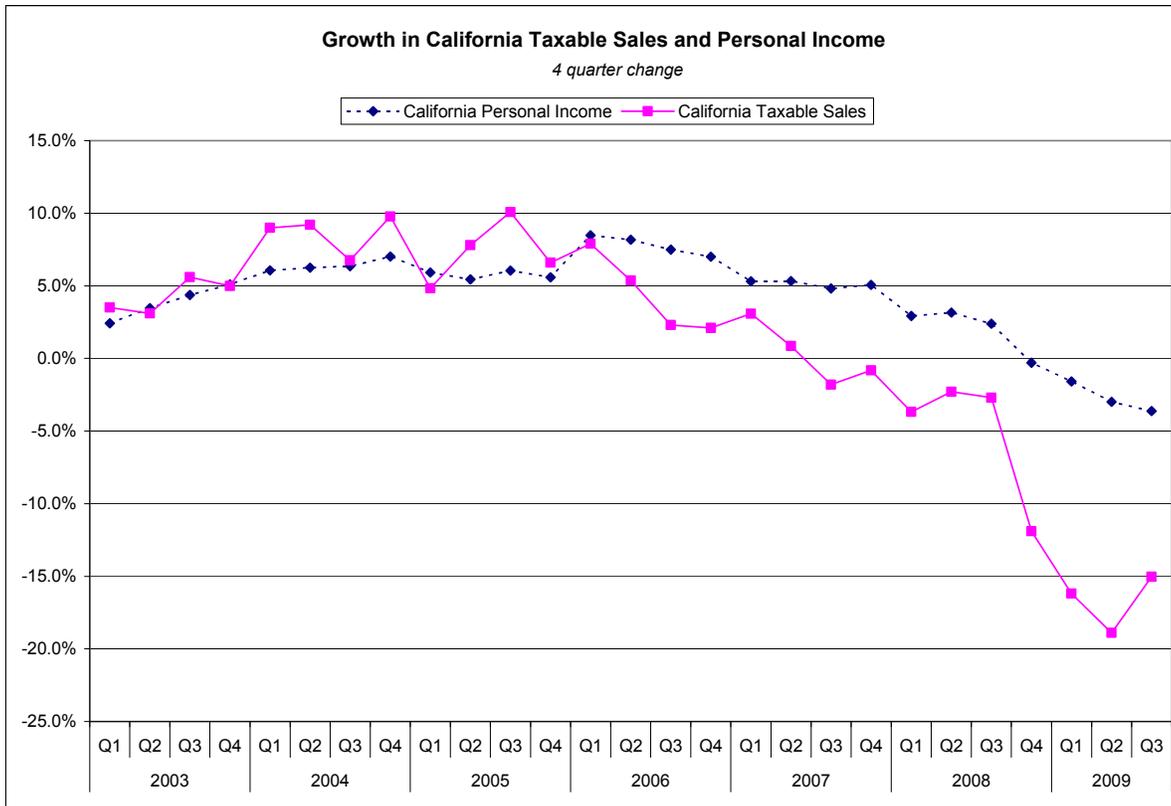
The Southern California region's taxable sales declined during the third quarter by 14.8 percent, slightly better than both the state as a whole and the region's second quarter drop (at 19.4 percent). San Diego, the State's 2<sup>nd</sup> largest city (by population) posted a decline in taxable sales of 11.3 percent (also better than the second quarter). Other large cities in the district also showed declines not as steep as the previous quarter: Riverside down 12.7 percent, Anaheim down 16.2 percent, and Santa Ana down 16.5 percent. Conversely, taxable sales in the City of Rancho Palos Verdes rose 19.1 percent.

In constant dollar terms, taxable sales decreased by 11.7 percent over the same quarter a year ago. The California Taxable Sales Deflator declined by 3.8 percent for the third quarter of 2009. In comparison, the California Consumer Price Index (CPI) declined 1.0 percent. To view all Taxable Sales in California for the Third Quarter of 2009, visit: [www.boe.ca.gov/news/tsalescont09.htm](http://www.boe.ca.gov/news/tsalescont09.htm)

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 third quarter of 2009, and can be viewed on the BOE website at: [www.boe.ca.gov/news/tsalescont.htm](http://www.boe.ca.gov/news/tsalescont.htm).

**Note:** In early 2007, the California State Board of Equalization began a process of converting business codes of sales and use tax permit holders to North American Industry Classification System (NAICS) codes. This process is now complete; over one million permit holders were converted from the previous business coding system to the NAICS codes. Beginning in 2009, our reports summarize taxable sales and permits using the NAICS codes. As a result of the coding change, however, industry-level data for 2009 are not comparable to that of prior years. Therefore, we will not publish year-over year percentage changes by industry until 2010.

*Editor's Note: Please see attached chart comparing California taxable sales and personal income from the first quarter of 2003 through the third quarter of 2009.*



Elected to the Board of Equalization in 2006, Michelle Steel serves as Southern California’s elected taxpayer advocate. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Thanks to Steel’s decisive leadership, procedures were changed. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$48 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. For more information on other taxes and fees in California, visit [www.taxes.ca.gov](http://www.taxes.ca.gov).

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