



State Board of Equalization

# News Release

**Michelle Steel, Member**

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

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## **Michelle Steel Says Taxable Sales in California Declined 16.2% in 1Q09**

*Seventh Consecutive Quarter Decline is the Longest Consecutive Slide since World War II*

Michelle Steel, Third District Member of the State Board of Equalization (BOE), announced today that taxable sales in California decreased 16.2 percent in the first quarter of 2009, reflecting the depth of the national recession.

Taxable sales in California continued their unprecedented decline, totaling only \$107.2 billion during the first quarter of 2009, a drop of 20.7 billion from the first quarter of 2008. The year-over-year decline in quarterly taxable sales continued for the seventh consecutive quarter, the longest consecutive slide since World War II.

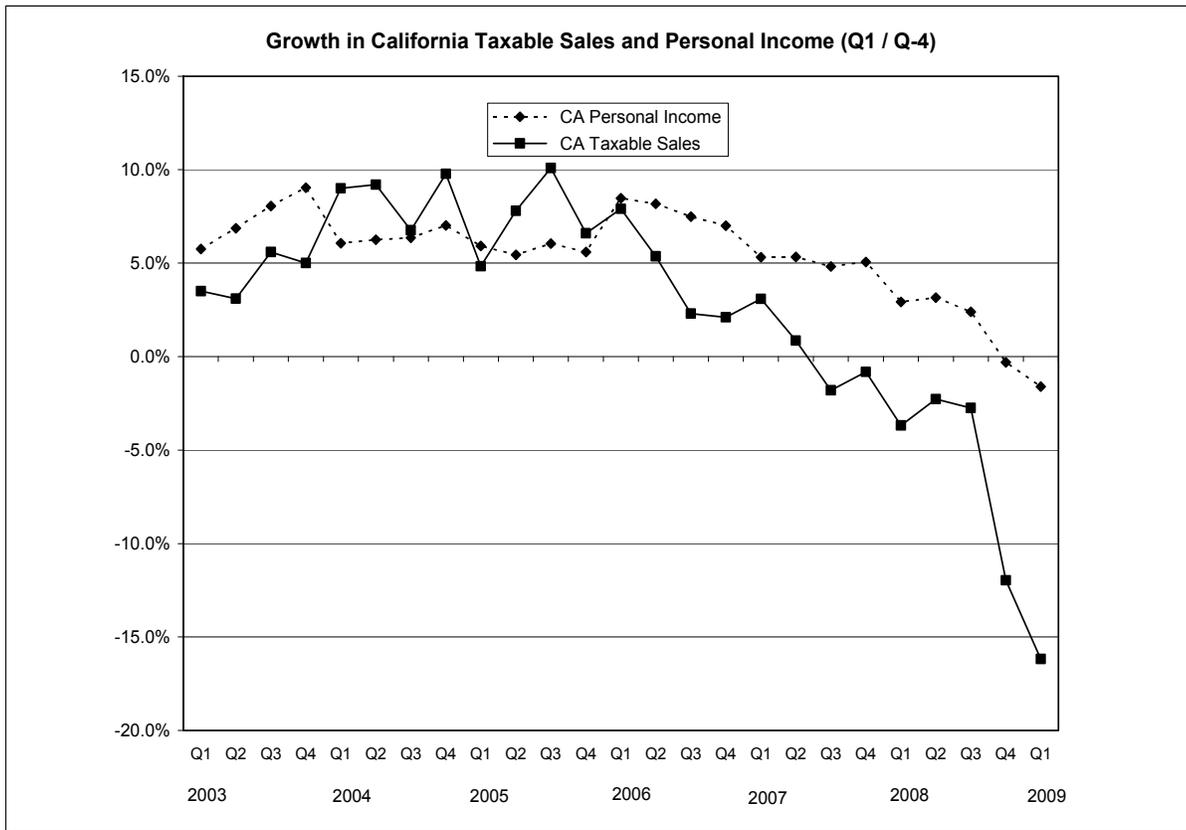
The Southern California region declined 16.1 percent, while taxable sales in Orange County declined 17.6 percent. In San Diego County, taxable sales declined 15.1 percent from the first quarter the year before, while San Bernardino County declined 17.4 percent and Riverside County declined 17.6 percent.

In constant dollar terms, taxable sales decreased by 13.1 percent over the same quarter a year ago. The California Taxable Sales Deflator measured an inflation rate of -3.5 percent for the first quarter of 2009. In comparison, the California CPI rose 0.1 percent. Constant-dollar taxable sales have also declined since the third quarter of 2007. The first quarter of 2009 decline was the steepest on record. However, personal income declined 1.6 percent. This is consistent with typical growth patterns during periods of economic weakness. *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 2009.*

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 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 sale 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.

View all Taxable Sales in California for the first Quarter of 2009 here:  
[www.boe.ca.gov/news/tsalescont09.htm](http://www.boe.ca.gov/news/tsalescont09.htm)



Elected to the Board of Equalization in 2006, Michelle Steel serves as Southern California’s elected taxpayer advocate. In 2008, Steel uncovered a \$42 million mistake in the agency’s sales tax refund procedures. 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 \$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. For more information on other taxes and fees in California, visit [www.taxes.ca.gov](http://www.taxes.ca.gov).

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