



State Board of Equalization

News Release

Chairwoman Betty T. Yee

1st District – San Francisco

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Betty T. Yee Says California Taxable Sales Declined 16.2% in 1Q09

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

Betty T. Yee, Chairwoman of the 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 unprecedented decline in taxable sales last year continued with weak housing and vehicle sales,” said Chairwoman Yee. “Californians have been concerned about job security, and many consumers with the ability to spend have chosen not to do so.”

In the nine-county San Francisco Bay Area, taxable sales declined 16.4 percent from the same quarter a year before. First quarter 2009 taxable sales declined in the Bay Area’s three largest cities: San Jose 20.2 percent, Oakland fell 18.4 percent, and San Francisco fell 17.2 percent. Santa Clara County declined 19.7 percent. In Mendocino County, taxable sales declined 18.4 percent. One of the largest declines in the First Equalization District was a decline of 24.1 percent in San Benito County, while Monterey County declined 17 percent.

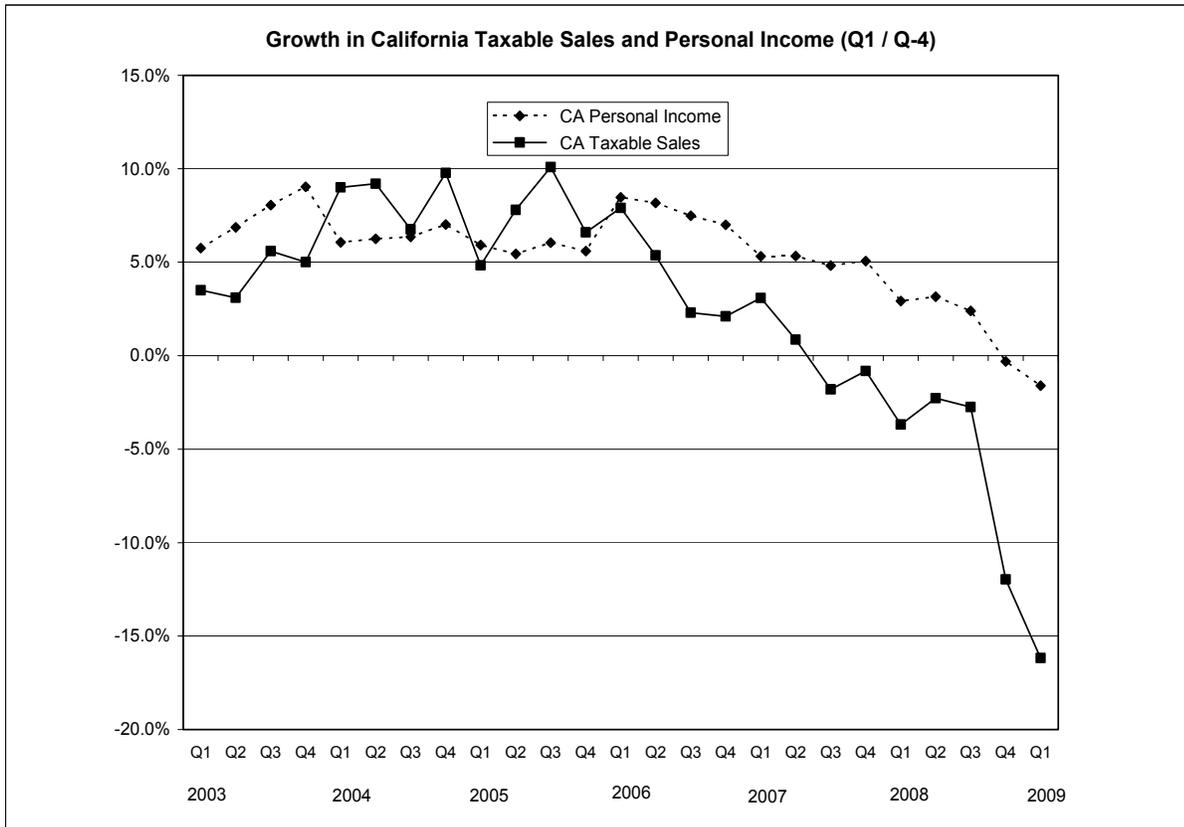
In constant dollar terms, taxable sales decreased by 13.1 percent over the same quarter a year ago. The California Taxable Sales Deflator measured an inflation rate of -3.5 percent for the first quarter of 2009. In comparison, the California CPI rose 0.1 percent. Constant-dollar taxable sales have also 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.

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



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 California State Board of Equalization 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.

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