



State Board of Equalization

News Release

Michelle Steel, Member

3rd District – Rolling Hills Estates

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California Taxable Sales Declined 19% in 2Q09

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

Michelle Steel, Third District Member of the State Board of Equalization (BOE), announced today that taxable sales in California decreased 19 percent in the second quarter of 2009 when compared to the same quarter the previous year.

Taxable sales in California continued their unprecedented decline, totaling only \$113.4 billion during the second quarter of 2009, a drop of \$26.6 billion from the second quarter of 2008. The year-over-year decline in quarterly taxable sales continued for the eighth consecutive quarter.

The Southern California region's taxable sales declined by 19.4 percent during the second quarter, about the same rate as the state as a whole (at 19 percent), and worse than the region's first quarter drop, which was 16.3 percent.

County taxable sales in the second quarter of 2009 were down: Orange County declined 20 percent; San Diego County declined 18.1 percent; San Bernardino County declined 20.3 percent, and Riverside County declined 19.9 percent.

The large cities in the Third Equalization District also showed declines: The city of Riverside declined 20.6 percent, Anaheim was down 18.5 percent, Santa Ana declined 18.1 percent, and San Diego declined 17.7 percent. Some smaller cities had increases: Rancho Palos Verdes increased 2.2 percent and Highland increased 0.3 percent from the second quarter the year before.

In constant dollar terms, taxable sales decreased by 15.5 percent over the same quarter a year ago. The California Taxable Sales Deflator measured an inflation rate of -4.1 percent for the second quarter of 2009. In comparison, the California Consumer Price Index (CPI) declined 1.1 percent.

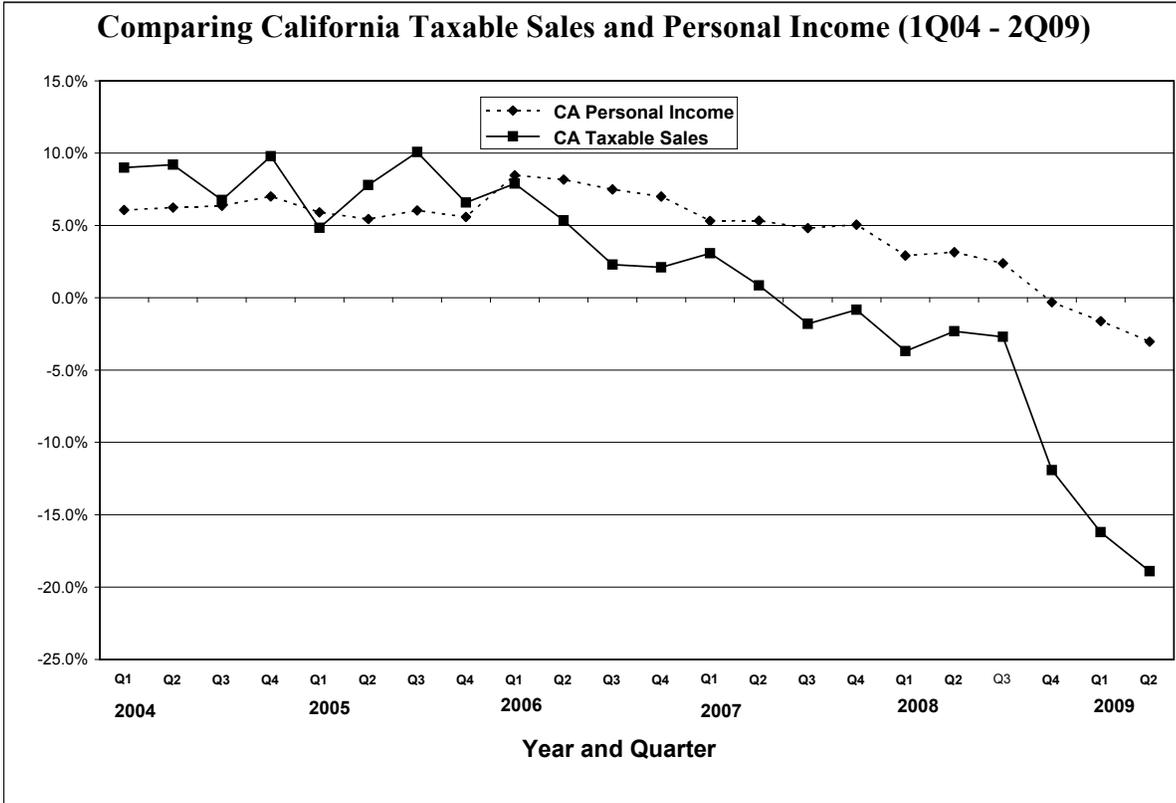
Editor's Note: Please see attached chart comparing California taxable sales and personal income from the first quarter of 2004 through the second quarter of 2009.

View all Taxable Sales in California for the Second Quarter of 2009 here:
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 second 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.



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 \$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.

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