



State Board of Equalization

News Release

Michelle Steel, Member

3rd District – Rolling Hills Estates

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MICHELLE STEEL RELEASES 3RD QUARTER 2006 TAXABLE SALES

(Rolling Hills Estates) – Michelle Steel, Third District Member of the Board of Equalization, today released figures indicating a modest increase in taxable sales during the third quarter of 2006.

Taxable sales totaled \$142.4 billion in the third quarter, up \$3.2 billion (or 2.3 percent) from the third quarter of 2005.

Imperial and Orange counties had above average taxable sales growth of 3.2 and 2.8 percent over the third quarter of 2005. Taxable sales in the Inland Empire increased \$0.2 million (or 1.5 percent). Taxable sales in the city of Irvine increased 4.3 percent. Of the top 20 cities in total third quarter taxable sales, Irvine ranked fifth in growth.

Taxable sales rose far slower than the 6.0 percent growth in personal income in the third quarter, reversing a general trend for most of 2004 and 2005. (See chart.) One contributor to the slower growth in taxable sales may have been the state's slower growth in median home prices, which reduced the purchasing power of many homeowners.

Retail stores posted taxable sales of \$99.1 billion statewide, a 1.6 percent increase over the same period a year ago. Retailers of nondurable goods rose 5.9 percent, while durable goods declined 2.4 percent. A 13.4 percent jump in gasoline prices bolstered total gasoline sales, which are a major component of nondurable goods sales. (See chart.) A 7.4 percent decline in new auto sales, the largest retail sector, held down growth in durable goods. Declines in sales by household furnishings and building materials dealers also reduced durable goods receipts.

Service station dollar value of sales jumped 11.0 percent, faster than any other category. Taxable sales made by service stations yielded \$12.1 billion. All of the gain was accounted for by increased gasoline prices. The average price of gasoline during the third quarter was \$2.907 per gallon, a 13.4 percent jump from the previous year. With the higher prices, California gasoline consumption decreased 1.1 percent compared to the third quarter of 2005.

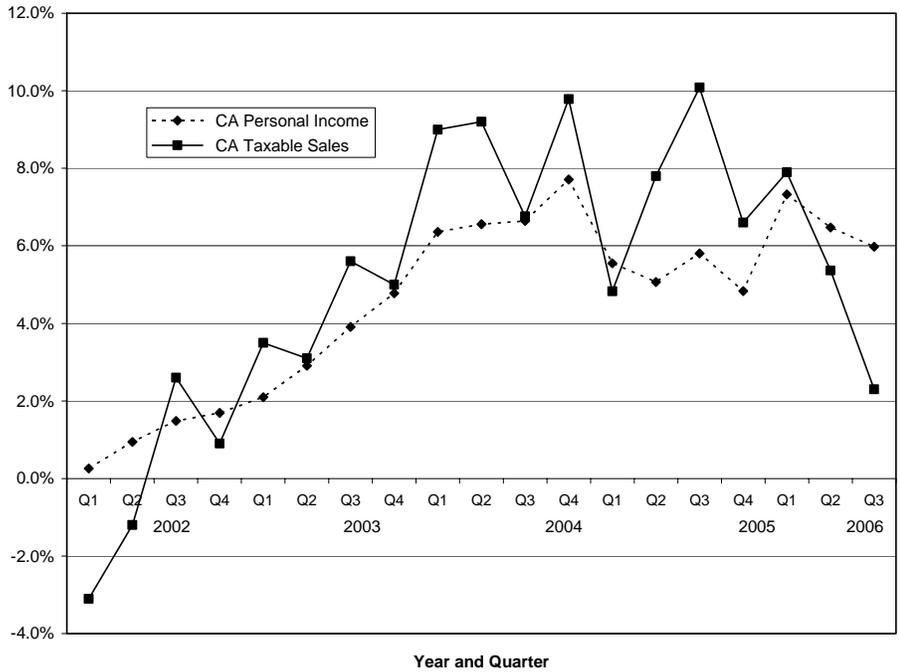
Third quarter taxable sales by new car dealers were \$16.0 billion, down 7.4 percent from last year. This follows a national pattern. New vehicle registrations in California also fell in the third quarter, decreasing 7.7 percent.

In constant dollar terms, taxable sales increased by 0.2 percent over the same quarter a year ago. The California Taxable Sales Deflator measured an inflation rate of 2.0 percent for the third quarter of 2006. Price increases for gasoline and building materials were responsible for a large part of the inflation rate. The California CPI rose 4.0 percent (The CPI includes services, whose prices tend to increase faster than those of most taxable goods).

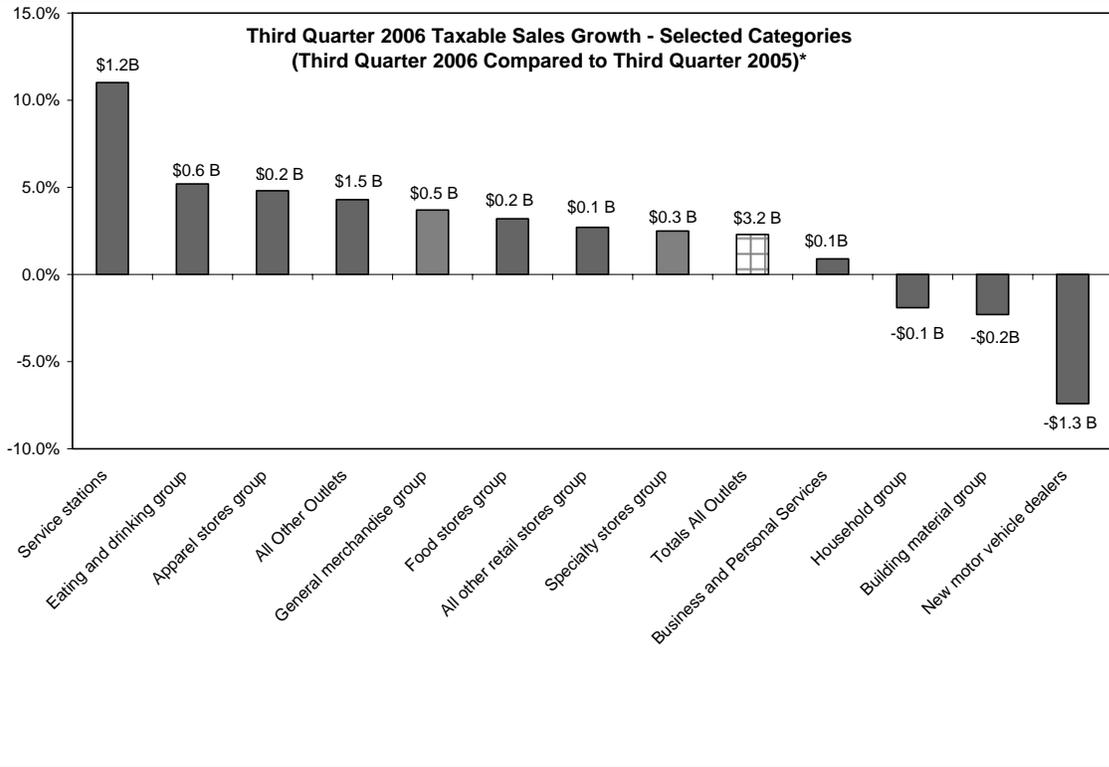
Elected to the Board of Equalization in 2006, Michelle Steel serves as the country's highest ranking Korean-American elected official. She represents the over 8.5 million taxpayers of the Third Board of Equalization District, including the counties of Los Angeles, Orange, San Diego, Riverside, Imperial and San Bernardino.

The five-member Board of Equalization is a publicly elected tax board. The Board collects nearly \$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 plays a significant role in the assessment and administration of property taxes.

Growth in California Taxable Sales and Personal Income (Q / Q-4)



**Third Quarter 2006 Taxable Sales Growth - Selected Categories
(Third Quarter 2006 Compared to Third Quarter 2005)***



This chart highlights specific categories, but is not all inclusive. Please see links above for other figures.

View 3rd Quarter 2006 Taxable Sales ([entirely](#)), by [Type of Business](#), by [County](#), or by [City](#).
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