

# NEWS RELEASE

**STATE BOARD  
OF EQUALIZATION**

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**FOR IMMEDIATE RELEASE**

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## **CHIANG RELEASES 3<sup>rd</sup> QUARTER 2004 TAXABLE SALES FIGURES**

Board of Equalization Chairman John Chiang today released final taxable sales figures for the third quarter of 2004. Transactions subject to California sales and use tax totaled \$126.5 billion during the third quarter of 2004, an increase of \$8.0 billion or 6.8 percent over the third quarter of 2003. The third quarter marked the ninth consecutive increase in quarterly growth.

After two quarters of exceptionally strong growth, taxable sales slowed in the third quarter, paralleling slower growth in the national economy. "While the rate of growth wasn't as strong as early 2004, the third quarter still grew faster than the ten-year average of 5.5 percent annually," said Chairman Chiang. "We also saw increased sales at service stations and stores selling building materials, apparel and household goods."

In constant dollar terms, taxable sales increased by 5.3 percent over the same quarter in 2003. The California Taxable Sales Deflator measured a slight inflation rate of 1.4 percent for the third quarter of 2004. This is a lower inflation rate than the increase in the California Consumer Price Index (CPI), which rose 2.6 percent in the third quarter.

Retail stores posted taxable sales of \$88.2 billion, a 6.7 percent increase over the same period a year ago. Retailers of durable goods experienced a 5.9 percent increase, while non-durable goods retailers saw a 7.6 percent increase.

Third quarter growth was led by building materials, which rose 18.1 percent (see chart on second page). Other factors also reflected the high levels of building activity in California: in-state residential building permits issued in 2004 rose 8.8 percent from 2003, while U.S. lumber prices increased 16.8 percent during the same period.

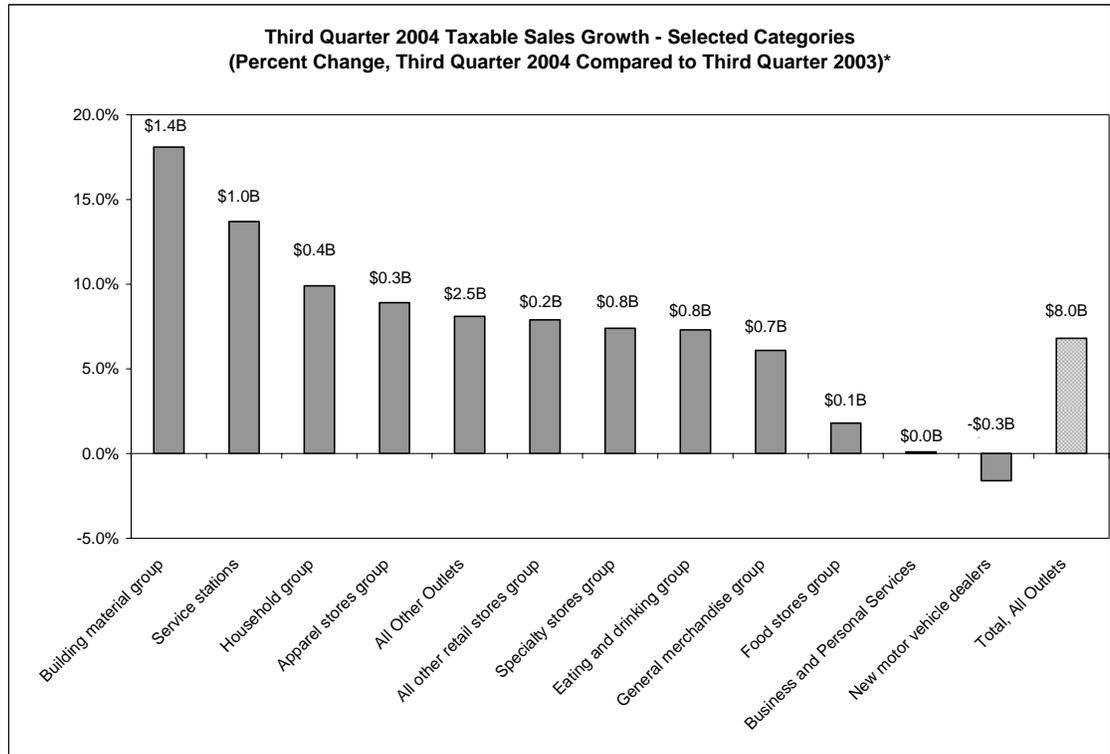
Service station sales also posted strong growth of 13.7 percent in the third quarter. Increases in gasoline prices were largely responsible for the growth as gasoline consumption was flat, rising only 0.2 percent and measuring 4.1 billion gallons. The average price of gasoline during the third quarter was \$1.971, a 12.4 percent increase from the previous year's average price.

The weakest taxable sales category was new vehicle sales. California taxable sales of new car sales declined 1.6 percent in the third quarter, consistent with weak growth in national car sales during this period. Other categories with lower than average third quarter taxable sales growths include food stores, business and personal services.

Chairman John Chiang, of Los Angeles, was elected to his first term as Fourth District Member on the State Board of Equalization in 1998, and re-elected in 2002. He was named Chair of the Board in December 2004. He also presided as Chair in 2002.

Other Board Members include Betty T. Yee of San Francisco, Acting Member, First District; Bill Leonard of Sacramento/Ontario, Second District; Claude Parrish of Long Beach, Third District; and State Controller Steve Westly.

(View Third quarter 2004 Statewide Taxable Sales by Type of [Business](#), Taxable Sales by [County](#), and Taxable Sales by [City](#), or view the entire 2004 Third Quarter Taxable Sales in California [Report](#).)



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

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