

# ECONOMIC PERSPECTIVE

Discussion of Recent Economic Developments  
Publication 329

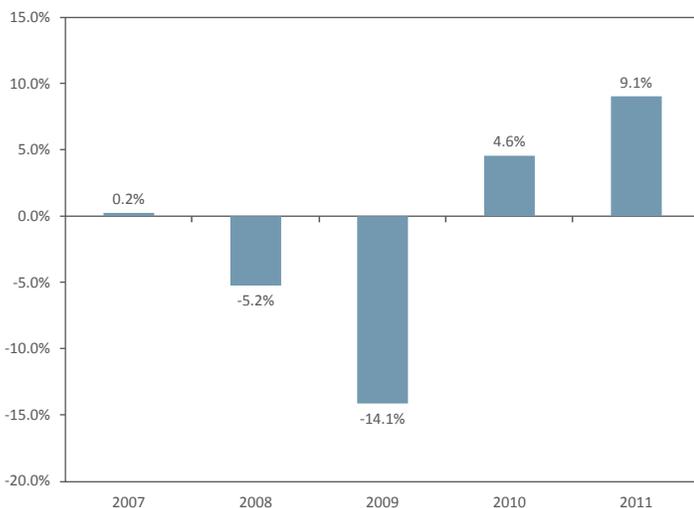
Volume XIX, Number 3  
August 2013

## California Taxable Sales in Cities: Recovery From the Great Recession

This edition of the Economic Perspective highlights the cities' data regularly published in the Board of Equalization's (BOE) Taxable Sales reports. It also analyzes annual taxable sales data for major cities from 2006 to 2011, a period that covers years before and after the "Great Recession."

- Economists are most interested in the year taxable sales recovered 100 percent from its pre-recession peak.
- Of the top ten cities in population, only three cities had 2011 taxable sales greater than their 2006 taxable sales.
- San Jose, San Francisco, and Long Beach are the largest cities that had 2011 taxable sales greater than their 2006 taxable sales.
- Los Angeles, San Diego, and Fresno are the largest cities that had 2011 taxable sales less than their 2006 taxable sales.
- Of the 478 cities analyzed, 147 (31 percent) had 2011 taxable sales greater than their 2006 taxable sales.

Chart 1  
Taxable Sales In California  
(Annual Percent Change)



## Taxable Sales and the Great Recession

The U.S. Great Recession started in December 2007 and lasted through June 2009. However, the recession's lingering impacts lasted much longer, with its severity and length varying greatly among states, regions, and cities.

The recession caused large declines in California taxable sales. As shown in Chart 1, taxable sales declined 5.2 percent in 2008, followed by a 14.1 percent decline in 2009. However, by 2011 the state was bouncing back from the recession nicely, with a 9.1 percent growth in taxable sales.

## Cities' Data

The BOE's *Taxable Sales In California (Sales and Use Tax)*<sup>1</sup> is widely cited. This report (published quarterly and annually), presents taxable sales permits and transactions data for the state, counties, and cities by industry. Currently California has 482 cities. Taxable permits and sales are published for nine major retail industries for the largest 272 cities in Table 5 of the report. While taxpayer confidentiality rules prevent publishing data for these nine industries for the remaining 210 cities, Table 6 shows taxable sales permits and transactions under two categories for these smaller cities: (1) retail and food services and (2) total outlets.

## Expansion Defined

For the entire six-year period from 2006 through 2011 (the most recent year with data for the entire year), data was available for 478 of the 482 cities. Economists are most interested in the year taxable sales recovered 100 percent from its pre-recession peak. Using taxable sales as a local economic indicator, this recovery point is defined as "expansion." That is, the city's economy has recovered completely from the effects of the recession and is now expanding.

<sup>1</sup> Taxable Sales In California (Sales and Use Tax)  
[www.boe.ca.gov/news/tsalescont.htm](http://www.boe.ca.gov/news/tsalescont.htm)

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**Table 1**  
**Changes in Taxable Sales From 2006 to 2011**  
*(Top Ten Cities Ranked by Population)*

City	Population January 1, 2013	2011 Taxable Sales as a Percentage of 2006 Taxable Sales	Recovery in* 2011 From 2006?
Los Angeles	3,863,839	96%	no
San Diego	1,326,238	97%	no
San Jose	984,299	101%	Expansion
San Francisco	825,111	107%	Expansion
Fresno	508,453	86%	no
Sacramento	473,509	87%	no
Long Beach	467,646	112%	Expansion
Oakland	399,326	84%	no
Bakersfield	359,221	95%	no
Anaheim	346,161	88%	no
Top Ten Cities	9,553,803	97%	3 of 10
California	37,966,000	93%	147 of 478

### Population of the Top Ten Cities

Tables 1 through 6 are based on January 1, 2013, population. Table 1 shows the top ten cities in California, ranked from high to low by population. One striking feature of the population data is the sheer size of the city of Los Angeles compared to other California cities. Los Angeles has almost three times the population of San Diego, the next largest city in California, and it has 11 times the population of Anaheim, the tenth largest city. The top ten cities in California accounted for 25 percent of the state’s population.

### Expansion of the Top Ten Cities

The third column of Table 1 shows 2011 taxable sales as a percentage of 2006 taxable sales. These data indicate that in 2011, Los Angeles had 96 percent of its 2006 taxable sales. This suggests that the city has almost fully recovered from the effects of the recession. In contrast, Oakland, Fresno, and Sacramento had respectively, 84, 86, and 87 percent of 2006 taxable sales. These cities still have a long way to go before they recover.

\*The last column indicates the city’s recovery status in 2011. San Jose was the most populous city in expansion, joined by San Francisco and Long Beach.

### Top Ten Cities Combined and California

The bottom two rows of Table 1 summarize the same data for the top ten cities combined as a group and for California as a whole. The top ten cities as a group showed 97 percent of their 2006 taxable sales in 2011, higher than the state as a whole at 93 percent. Of California’s 478 cities, 147 (31%) were in expansion.

### Top Ten Expanding Cities

Table 2 shows the top ten expanding cities, again ranked by population. The table also shows 2011 per capita sales (2011 taxable sales divided by 2013 population). These ten expanding cities comprised about eight percent of California population. The San Francisco Bay area is well represented on this list, along with San Jose, San Francisco, and Sunnyvale. These three cities account for 63 percent of the population of the ten cities in the table.

Per capita taxable sales varied greatly among these cities, from a low of \$6,105 in Compton to a high of \$22,239 in Carlsbad. Some of the factors accounting for such great differences include income, presence of “big box” stores or shopping malls, existence of corporate headquarters, number and size of businesses, and tourism.

**Table 2**  
**Cities Expanding in Taxable Sales**  
*(Ranked by Population of the Top Ten Expanding Cities)*

City	Population January 1, 2013	2011 Taxable Sales as a Percentage of 2006 Taxable Sales	2011 Taxable Sales Per Capita
San Jose	984,299	101%	\$12,530
San Francisco	825,111	107%	\$18,047
Long Beach	467,646	112%	\$11,002
Fontana	200,974	106%	\$11,240
Sunnyvale	145,973	100%	\$17,658
Carlsbad	108,246	100%	\$22,239
Compton	97,549	120%	\$6,105
Vista	95,264	100%	\$12,778
Hawthorne	85,474	101%	\$12,247
Livermore	83,325	101%	\$21,806
California	37,966,000	93%	\$13,856

### Top Ten Cities Not Yet Expanding

Table 3 shows the top ten cities, again ranked by population, *not* expanding. These ten nonexpanding cities comprised about 22 percent of California population.

### Recent Annual Taxable Sales Growth

Table 4 shows taxable sales growth for each top ten city in Table 1 for the years 2010 and 2011. San Jose and Long Beach had double-digit taxable sales growth in 2010, before any of the other cities in the table. However, by 2011 most of the other cities experienced relatively strong growth in taxable sales.

**Table 3**  
**Cities *Not* Expanding in Taxable Sales**  
*(Ranked by Population of the Top Ten Cities Not Expanding)*

City	Population January 1, 2013	2011 Taxable Sales as a Percentage of 2006 Taxable Sales	2011 Taxable Sales Per Capita
Los Angeles	3,863,839	96%	\$9,798
San Diego	1,326,238	97%	\$14,701
Fresno	508,453	86%	\$12,244
Sacramento	473,509	87%	\$11,176
Oakland	399,326	84%	\$9,349
Bakersfield	359,221	95%	\$15,173
Anaheim	346,161	88%	\$14,861
Santa Ana	329,915	83%	\$10,084
Riverside	311,955	80%	\$12,884
Stockton	296,344	83%	\$10,573
California	37,966,000	93%	\$13,856

Table 5 shows the same data as Table 4, but only for the top ten expanding cities. Table 6 shows the same data as Table 5, but only for the top ten cities *not* expanding. In 2010 the expanding cities had a combined growth rate of 8.6 percent, well above the state average of 4.6 percent (last two rows of Table 5). By 2011 most of the cities in both Tables 5 and 6 had taxable sales growth rates that were relatively strong. For these cities as a group, combined taxable sales growth in 2011 was 9.2 percent, slightly above the state average of 9.1 percent (last two rows in Tables 5 and 6).

**Table 4**  
**2010 and 2011 Changes in Taxable Sales**  
*(Top Ten Cities Ranked by Population)*

City	Population January 1, 2013	2010 Taxable Sales Growth	2011 Taxable Sales Growth
Los Angeles	3,863,839	3.6%	8.7%
San Diego	1,326,238	4.2%	9.1%
San Jose	984,299	10.3%	7.2%
San Francisco	825,111	6.4%	10.8%
Fresno	508,453	1.2%	8.5%
Sacramento	473,509	0.0%	7.0%
Long Beach	467,646	12.5%	4.4%
Oakland	399,326	2.7%	12.8%
Bakersfield	359,221	5.6%	16.8%
Anaheim	346,161	3.8%	9.4%
Top Ten Cities	9,553,803	4.9%	9.1%
California	37,966,000	4.6%	9.1%

**Table 5**  
**2010 and 2011 Changes in Taxable Sales**  
**Cities Expanding in Taxable Sales**

City	Population January 1, 2013	2010 Taxable Sales Growth	2011 Taxable Sales Growth
San Jose	984,299	10.3%	7.2%
San Francisco	825,111	6.4%	10.8%
Long Beach	467,646	12.5%	4.4%
Fontana	200,974	11.6%	13.2%
Sunnyvale	145,973	12.1%	11.4%
Carlsbad	108,246	7.4%	9.9%
Compton	97,549	1.8%	10.3%
Vista	95,264	4.7%	13.2%
Hawthorne	85,474	4.9%	11.1%
Livermore	83,325	3.5%	11.4%
Top Ten Expanding Cities	3,093,861	8.6%	9.2%
California	37,966,000	4.6%	9.1%

Table 6  
2010 and 2011 Changes in Taxable Sales  
Cities **Not** Expanding in Taxable Sales

City	Population January 1, 2013	2010 Taxable Sales Growth	2011 Taxable Sales Growth
Los Angeles	3,863,839	3.6%	8.7%
San Diego	1,326,238	4.2%	9.1%
Fresno	508,453	1.2%	8.5%
Sacramento	473,509	0.0%	7.0%
Oakland	399,326	2.7%	12.8%
Bakersfield	359,221	5.6%	16.8%
Anaheim	346,161	3.8%	9.4%
Santa Ana	329,915	2.0%	4.7%
Riverside	311,955	5.5%	8.9%
Stockton	296,344	0.8%	9.3%
Top Ten Cities	8,214,961	3.4%	9.2%
California	37,966,000	4.6%	9.1%

National Association for Business Economists  
[www.nabe.com](http://www.nabe.com)

U.S. Bureau of Economic Analysis  
[www.bea.gov](http://www.bea.gov)

U.S. Bureau of Labor Statistics  
[www.bls.gov/cpi](http://www.bls.gov/cpi)

U.S. Census Bureau  
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Please contact us if you would like to be added to our mailing list, need additional copies, or have questions or comments.

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Current and past issues of this publication are on our website: [www.boe.ca.gov/news/epcont.htm](http://www.boe.ca.gov/news/epcont.htm)

Taxpayers' Rights Advocate: 1-888-324-2798  
To contact your Board Member, see  
[www.boe.ca.gov/submenus/boardmembers.htm](http://www.boe.ca.gov/submenus/boardmembers.htm)

## Online Resources

For more information about topics covered in this publication and previous issues, please visit any of the websites listed below.

California Department of Finance  
[www.dof.ca.gov](http://www.dof.ca.gov)

California Employment Development Department (EDD),  
Labor Market Conditions in California  
[www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov)

Federal Reserve Bank of Philadelphia, Survey of  
Professional Forecasters  
[www.phil.frb.org/econ/spf/index.html](http://www.phil.frb.org/econ/spf/index.html)