



State Board of Equalization

News Release

Chairwoman Betty T. Yee

1st District – San Francisco

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California Taxable Sales Declined 19% in 2Q09

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

Betty T. Yee, Chairwoman of the 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 of 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 decline in taxable sales last year in California mirrored the national recession with weak retail sales,” said Chairwoman Yee. “Californians continued to be concerned about jobs and housing costs while tightening their consumer spending.”

In the nine-county San Francisco Bay Area, taxable sales dropped 18.9 percent from the same quarter the year before, a steeper decline than the 16.9 percent drop between the first quarters for the same period, and mirroring the 19 percent drop for the state as a whole.

One of the largest declines in the First Equalization District was in San Benito County with a decline of 21 percent in the second quarter of 2009 when compared to the same quarter of the previous year. Alameda County declined 20 percent; Mendocino County declined 19.7 percent; San Francisco County declined 18.8 percent; and Monterey County declined 17 percent.

Second quarter taxable sales fell in the Bay Area’s major cities: San Jose had a decline of 22.4 percent; Oakland declined 20.6 percent; and San Francisco was down 18.8 percent. Some of the smaller municipalities fared better in the second quarter of 2009: Taxable sales in the City of Benicia increased 3.8 percent, and Colusa County increased 53.6 percent.

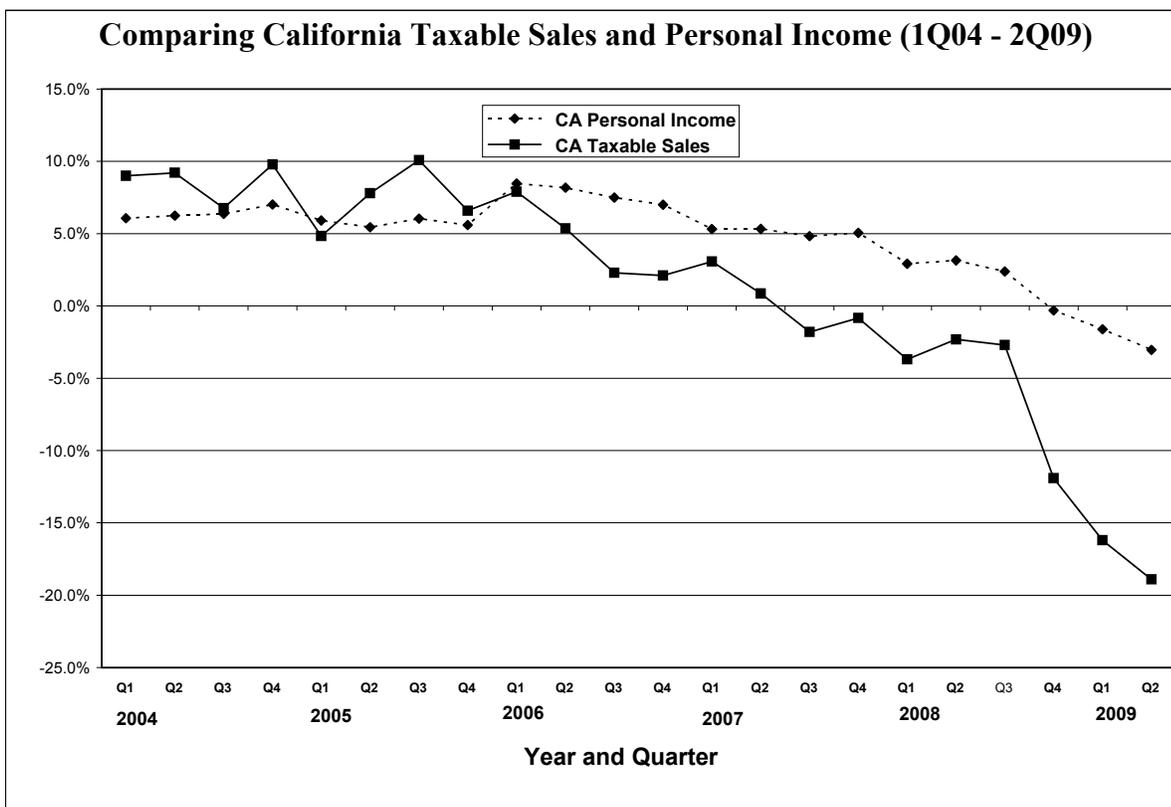
In constant dollar terms, taxable sales decreased by 15.5 percent over the same quarter a year ago. The California Taxable Sales Deflator measured an inflation rate of -4.1 percent for the second quarter of 2009. In comparison, the California Consumer Price Index (CPI) declined 1.1 percent.

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.



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 (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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