



State Board of Equalization

News Release

Chairwoman Betty T. Yee

1st District – San Francisco

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California Taxable Sales Declined 5.9% in 4Q09

10th Consecutive Quarter Decline for Taxable Sales in California

Betty T. Yee, Chairwoman of the Board of Equalization (BOE), announced today that taxable sales in California declined 5.9 percent in the fourth quarter of 2009, when compared to the same quarter of the previous year.

“While taxable sales in California continued a decline, there was improvement over the previous year,” said Chairwoman Yee. “It’s hard to find any Californian that hasn’t been touched by the recession – be it pay cuts, unemployment, foreclosures or diminished savings – and we continue to assist taxpayers and small business owners succeed in times of financial stress.”

Taxable sales in California declined for the 10th consecutive quarter; however, the decline is less steep than during the depths of the recent recession. Fourth quarter 2009 taxable sales totaled \$120.4 billion, \$7.5 billion less than the fourth quarter of 2008 (a decline of 5.9 percent). However, the decline was not as steep as the previous quarter, when taxable sales dropped 15 percent on a year-over-year basis.

Overall, 51 counties in California showed a decline in year-to-year taxable sales, while seven counties had increases. The counties in the San Francisco Bay Area and in the Southern California fared slightly better than the statewide total, as each region declined by 5.6 percent on a year-over-year basis. Conversely, the decline in Central Valley counties continued to exceed the statewide total. For instance, taxable sales in San Joaquin Valley counties declined by 8.2 percent, while those in the Sacramento Area declined by 6.1 percent.

In the nine-county San Francisco Bay Area, taxable sales dropped 5.6 percent from a year ago, slightly better than the 5.9 percent drop for the state as a whole. Taxable sales declined in the Bay Area’s major cities in the fourth quarter: taxable sales fell by 6.9 percent in the City of San Francisco, taxable sales declined by 4.9 percent in San Jose, and taxable sales declined by 7.4 percent for the fourth quarter 2009 in Oakland.

Taxable sales in most of the counties in the First Equalization District declined in the fourth quarter of 2009 on a year-over-year basis, including the following counties: Solano (-15.0%), Yolo (-13.5%), San Luis Obispo (-10.1%), Del Norte (-9.4%), Lake (-8.8%), Mendocino (-8.0%), San Francisco County (-6.9%), Trinity (-6.7%), San Benito (-6.1%), Napa (-5.2%), Sonoma (-5.9%), Alameda (-5.1%), Santa Clara County (-4.9%), Santa Barbara (-4.7%), San Mateo (-4.6%), Santa Cruz (-4.3%), Contra Costa County (-3.5%), Monterey (-3.3%), and Marin (-2.7%).

Conversely, taxable sales in Colusa County increased 18.2 percent and Humboldt County increased 2.1 percent.

In constant dollar terms, taxable sales decreased by 7.5 percent over the same quarter a year ago. The California Taxable Sales Deflator increased by 1.7 percent for the fourth quarter of 2009. In comparison, the California Consumer Price Index (CPI) declined 1.2 percent.

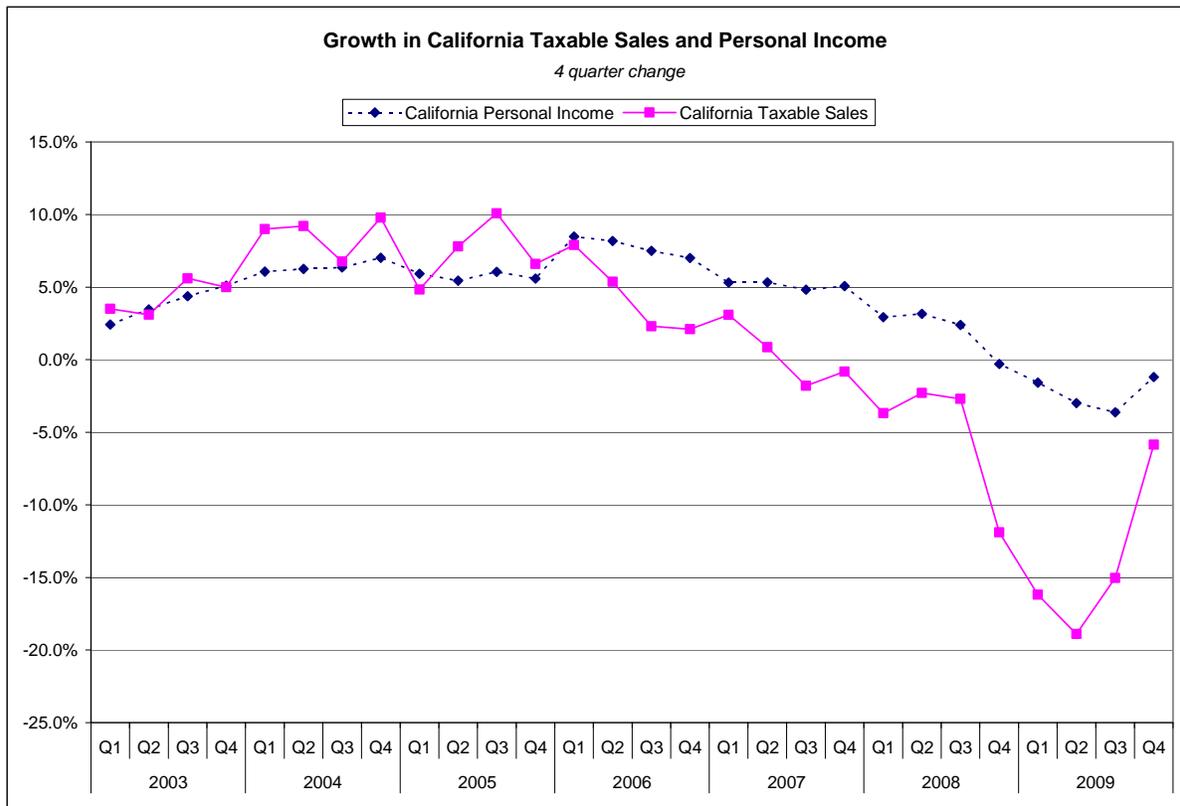
Taxable Sales in California is a quarterly report on retail sales activity in California, as measured by transactions subject to sales and use tax. It includes data about statewide taxable sales by type of business, as well as data about taxable sales in all California cities and counties from the first quarter of 2000 through the fourth quarter of 2009 and can be viewed on the BOE website at:

www.boe.ca.gov/news/tsalescont.htm.

View all Taxable Sales in California for the fourth Quarter of 2009 here:

www.boe.ca.gov/news/tsalescont09.htm

Editor's Note: Please see attached chart comparing California taxable sales and personal income from the first quarter of 2003 through the fourth quarter of 2009.



Notice: In early 2007, the 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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