



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

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FOR IMMEDIATE RELEASE

NR# 50-C
Date: September 5, 2006
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CHIANG ANNOUNCES RISE IN 3rd QUARTER 2005 TAXABLE SALES
California motorists drive up sales with gasoline, new car purchases

John Chiang, Chair of the State Board of Equalization, today announced that taxable sales in California were up in the third quarter of 2005, totaling \$139.2 billion. Sales rose \$12.8 billion (or 10.1 percent) from the same quarter of 2004.

“California experienced a significant rise in both gasoline and new car sales, which helped push these numbers upward,” said Chiang. Increases were widespread across the state, with only two counties reporting a dip in sales, Chiang added. “Los Angeles County alone saw spending increase by over \$2.8 billion dollars.”

Statewide taxable sales increased 3.5 percent faster than personal income in the third quarter, much greater than the average difference of 1.5 percent since the end of 2002. (*Editor’s note: See charts below*) It was the thirteenth consecutive increase in quarterly growth. Sales outpacing income gains were likely due to higher business spending, more residential construction, and rising real estate equity supplementing homeowners’ purchasing power.

Service station sales (including motor fuels) soared 29.7 percent, nearly twice as fast as any other group, and netted \$10.9 billion. (*See charts below*) The average price of gasoline during the third quarter was \$2.563 per gallon, a 28.1 percent jump from the same quarter of 2004. Gasoline consumption saw a 0.2 percent increase, with 4.1 billion gallons pumped in the third quarter.

The largest retail numbers came from new car dealers, who sold over \$17.2 billion in merchandise. New car dealers’ sales were up 7.9 percent compared to the same quarter of 2004. New vehicle registrations rose 8.9 percent, as major manufacturers began using buying incentive programs.

All retail stores posted combined taxable sales of \$97.5 billion, a 10.5 percent increase over the same period of 2004. Retailers of durable goods saw a 9.3 percent increase, while non-durable goods were up 11.9 percent.

Sales made by businesses falling into the “all other retail stores” category were up 15.1 percent to reach \$3.9 billion. The category includes a wide variety of retailers, but sales by farm equipment, boat, motorcycle and plane dealers were largely responsible for the growth.

Over \$4.6 billion in apparel items were sold in the third quarter, a 12.8 percent increase over the same period of 2004. Other nondurable goods categories increased at a lower than average pace. Eating and drinking locations’ sales were up 7.7 percent, while food stores gained 7.1 percent. Business and personal services’ taxable sales rose 6.3 percent. The largest nondurable retail category, general merchandise store sales, saw even slower growth at 5.8 percent in the third quarter, posting a total of \$13.3 billion.

Sales made by building materials dealers hit \$9.9 billion, showing above average growth at 11

percent. Construction contractors also saw double digit growth over the same period of 2004. Taxable transactions made by contractors were \$6.5 billion, an increase of 13.6 percent. Residential building permits saw a 10.9 percent increase over the same time period.

In constant dollar terms, taxable sales increased by 6.7 percent over the same quarter a year ago. The California Taxable Sales Deflator measured an inflation rate of 3.2 percent for the third quarter of 2005, below an inflation rate of 4.0 percent over the same time period as measured by the California Consumer Price Index.

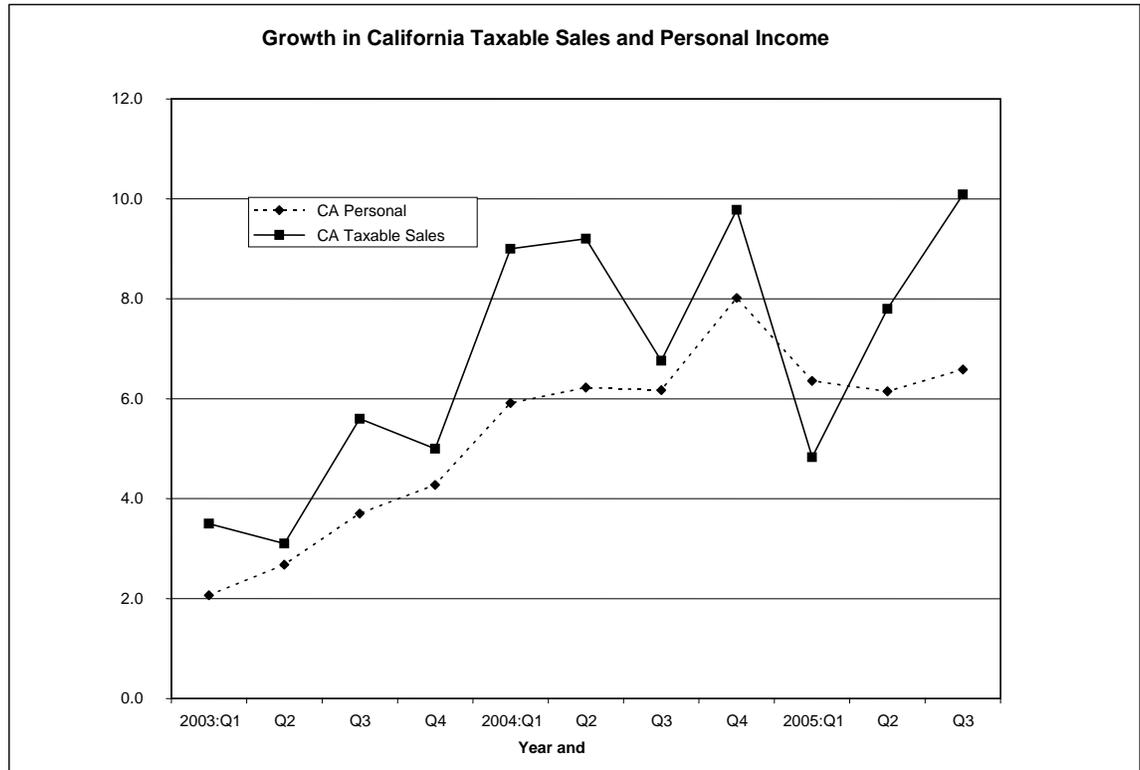
Chairman John Chiang, of Los Angeles, was elected to his first term as Fourth District Member on the State Board of Equalization in 1998, and re-elected in 2002. He was named Chair of the Board in December 2004. He also presided as Chair in 2002.

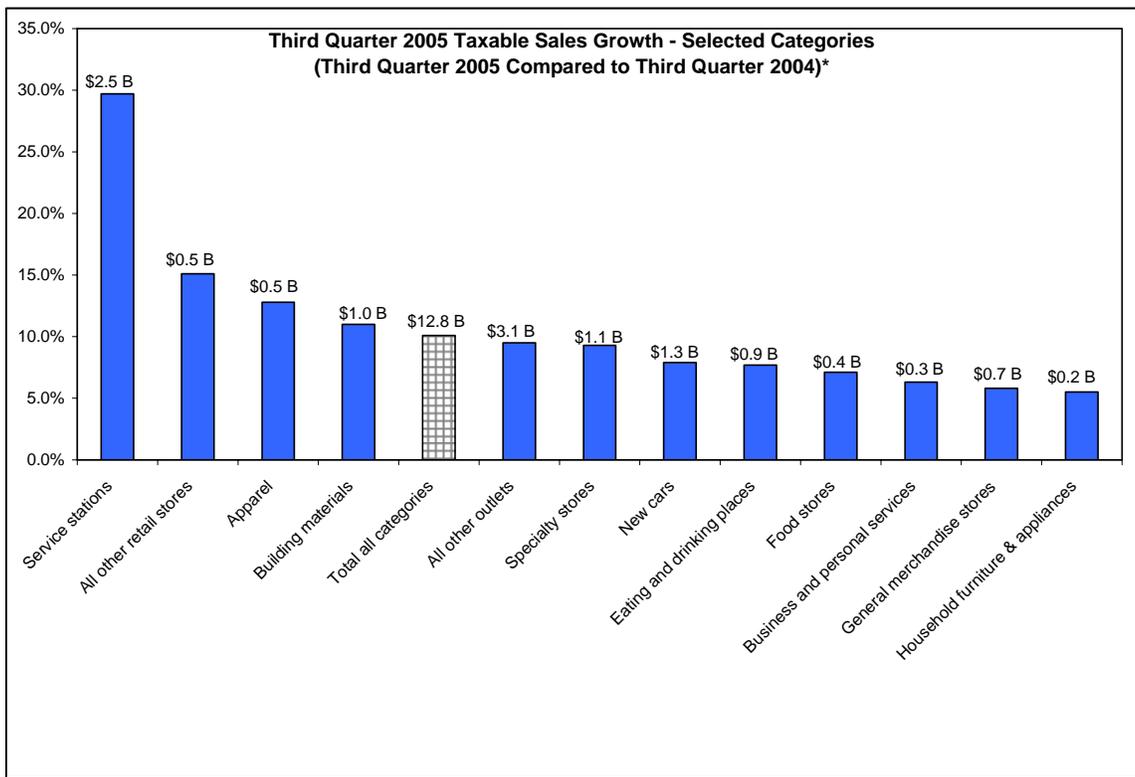
The five-member Board of Equalization is a publicly elected tax board. The Board collects almost \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

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.

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View [Third Quarter 2005 Statewide Taxable Sales by Type of Business](#), [Taxable Sales by County](#), or [Taxable Sales by City.](#))





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