

# NEWS RELEASE

**STATE BOARD  
OF EQUALIZATION**

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**FOR IMMEDIATE RELEASE**

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**CHIANG SAYS TAXABLE SALES INCREASED IN 4TH QUARTER 2004**  
*Gasoline Prices Drove Up Service Station Sales By 29 percent*

John Chiang, Chair of the State Board of Equalization (BOE), today released figures showing taxable sales in California rose by 9.8 percent during the fourth quarter of 2004, marking the tenth consecutive increase in quarterly growth.

Transactions subject to the sales and use tax totaled \$134.7 billion during the fourth quarter of 2004, an increase of \$12.0 billion from the fourth quarter of 2003. Taxable sales increased faster than personal income, continuing a trend since the end of 2002.

Total service station sales of \$8.6 billion, which include gasoline sales, showed a 29 percent increase over the same period of 2003.

“This is the strongest quarterly growth in service station sales we’ve seen in 25 years,” said BOE Chair John Chiang. “There’s no doubt that gasoline prices boosted these figures.”

While gasoline consumption was flat, the average price of gasoline rose to \$2.089, a 30.5 percent increase over the previous year’s average price.

In constant dollar terms, taxable sales increased by 7.3 percent over the same quarter a year ago. The California Taxable Sales Deflator measured an inflation rate of 2.4 percent for the fourth quarter of 2004. This is below an inflation rate of 3.6 percent over the same time period, as measured by the California Consumer Price Index (CPI). The CPI rose faster than the Taxable Sales Deflator primarily because nontaxable services prices in the CPI grew faster on average than taxable items.

Retail stores posted a 10.4 percent increase sales in taxable sales totaling \$95.2 billion, a 10.4 percent increase over the same period a year ago. Both durable and nondurable goods sales had double-digit gains. Retailers of durable goods experienced a 10.7 percent increase, while non-durable goods showed a 10.1 percent increase.

New car dealers posted taxable sales of \$14.8 billion during the fourth quarter, a 12.6 percent increase over the same period a year ago. Construction contractors saw strong growth with taxable transactions totaling \$5.4 billion, an increase of 15 percent. Retailers of building materials continued to experience high growth in sales. These retailers posted taxable sales of \$8.2 billion, up 13.8 percent from a year earlier.

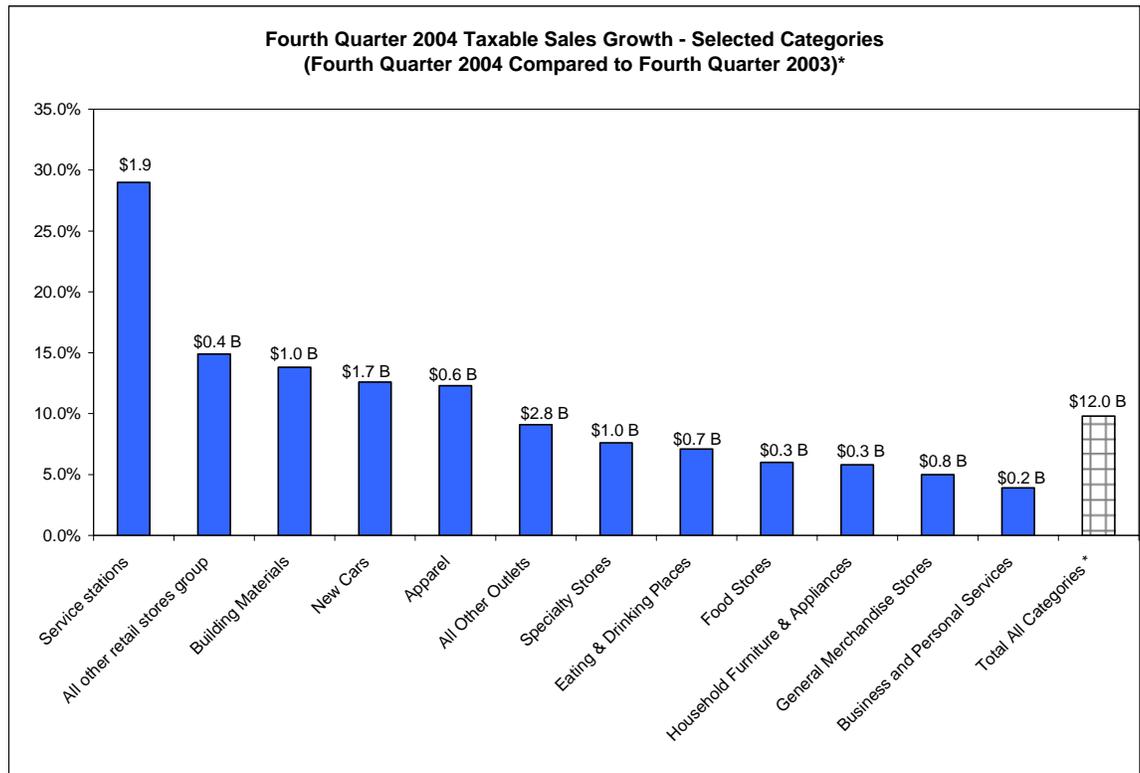
Taxable sales in business and personal services improved slightly. Transactions for that group totaled \$5.9 billion, and increase of 3.9 percent over the same period of 2003. All other outlets, comprised primarily of manufacturing and wholesale businesses, saw their taxable sales improve by an average of 9.1 percent.

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 more than \$44 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.

(View [Fourth 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.

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