



State Board of Equalization

# News Release

**Michelle Steel, Member**

**3<sup>rd</sup> District – Rolling Hills Estates**

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## **Michele Steel: California's 1<sup>st</sup> Quarter 2008 Taxable Sales Declined 3.7%**

*Inland Empire Dropped 8.8%; Orange County Down 4%; San Diego Decreased 1.8%*

Michelle Steel, Third District Member of the State Board of Equalization (BOE), announced today that taxable sales in California decreased 3.7 percent in the first quarter of 2008, reflecting the beginning quarter of a national recession.

Taxable sales totaled \$127.9 billion in the first quarter of 2008, down \$4.9 billion from the first quarter of 2007.

This is the third consecutive quarter of declines in taxable sales. Taxable sales have not fallen in three consecutive quarters since 2002. Income growth continued to be much stronger than taxable sales, a trend seen since early 2007.

*Editor's Note: Please see attached chart comparing California taxable sales and personal income from the first quarter of 2003 through the first quarter of 2008.*

First quarter 2008 taxable sales dropped 8.8 percent in the Inland Empire, much worse than the statewide average decline. In Orange County taxable sales were down 4.0 percent, close to the statewide average decrease of 3.7 percent. In San Diego County, taxable sales for the first quarter of 2008 decreased 1.8 percent, a slightly better performance than the 3.7 percent decline for the state.

Taxable sales declined 0.4 percent in the City of San Diego, a slightly better performance than San Diego County or the state. There were some Southern California cities that had growth in taxable sales in the first quarter 2008, including, 4.8 percent in Tustin and 1.5 percent in Huntington Beach.

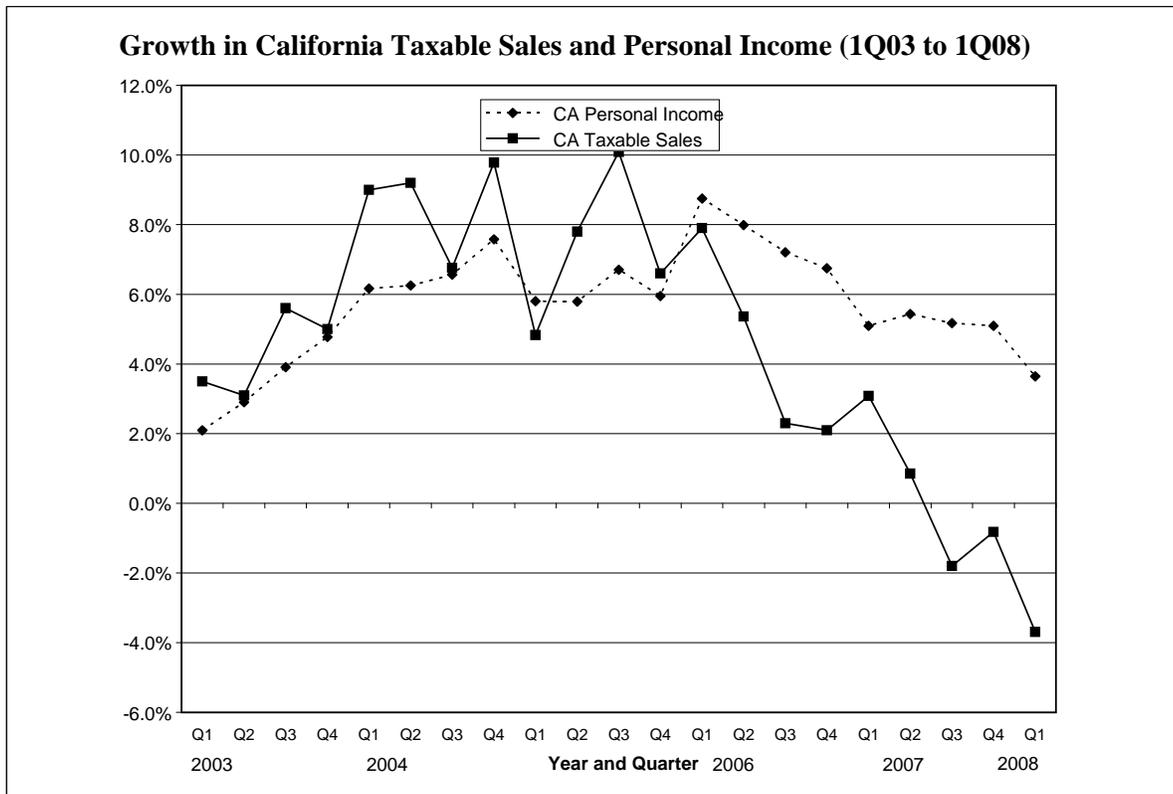
In constant dollar terms, taxable sales decreased by 6.3 percent over the same quarter a year ago. The California Taxable Sales Deflator measured an inflation rate of 2.8 percent for the first quarter of 2008. In contrast, the California CPI rose 3.2 percent. (The CPI includes services, whose prices tend to increase faster than those of most taxable goods.)

Constant-dollar taxable sales have not declined as much since 1991. They have not fallen in three consecutive quarters since 2002.

*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 first quarter of 2008 and can be viewed on the BOE website at: [www.boe.ca.gov/news/tsalescont.htm](http://www.boe.ca.gov/news/tsalescont.htm).

Taxable Sales in California First Quarter 2008: [www.boe.ca.gov/news/tsalescont08.htm](http://www.boe.ca.gov/news/tsalescont08.htm)

**Notice:** In early 2007 the California State Board of Equalization (BOE) began a process of converting business codes of sales and use tax permit holders to North American Industry Classification System (NAICS) codes. Over one million permit holders will be converted over time from the previous business coding system to the NAICS codes. As a result of the coding change process, industry data for 2007 and 2008 are not comparable. Therefore, the BOE will not publish percentage changes by industry until the coding process has been substantially completed.



Elected to the Board of Equalization in 2006, Michelle Steel serves as Southern California’s elected taxpayer advocate. In 2008, Steel uncovered a \$42 million mistake in the agency’s sales tax refund procedures. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$53 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.

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