



State Board of Equalization

News Release

Chairwoman Betty T. Yee

1st District – San Francisco

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Betty T. Yee Says California's 4th Quarter 2008 Taxable Sales Declined 12%

San Francisco Bay Area Taxable Sales Decreased 10.9 Percent

Betty T. Yee, Chairwoman of the Board of Equalization (BOE), announced today that taxable sales in California decreased 12 percent in the fourth quarter of 2008, reflecting impacts of the national recession.

California's taxable sales totaled \$127.9 billion in the fourth quarter of 2008, down \$17.4 billion from the fourth quarter of 2007. This is the sixth straight quarter of declines in taxable sales, lasting longer than either of the recessions of 1991 or 2001. Income continued to be much stronger than taxable sales, a trend in evidence since early 2007.

"This severe decline in taxable sales confirms that the economic recession hit Californians hard," said Chairwoman Yee. "We are continuing to assist taxpayers and small business owners succeed under these challenging conditions. The BOE offers payment plans and other arrangements to help many businesses facing tough financial times."

In the nine-county San Francisco Bay Area, taxable sales decreased 10.9 percent from the same quarter a year before, a slower fall than the 12.0 percent decline for the state as a whole. The fourth quarter taxable sales fell by 8.5 percent in San Francisco, declining less than the Bay Area average. In San Jose, taxable sales declined by 10.7 percent and Oakland declined by 27.8 percent for the fourth quarter 2008.

In constant dollar terms, taxable sales decreased by 11.1 percent over the same quarter a year ago. The California Taxable Sales Deflator measured an inflation rate of -0.9 percent for the fourth quarter of 2008. By comparison, the California CPI rose by 1.8 percent.

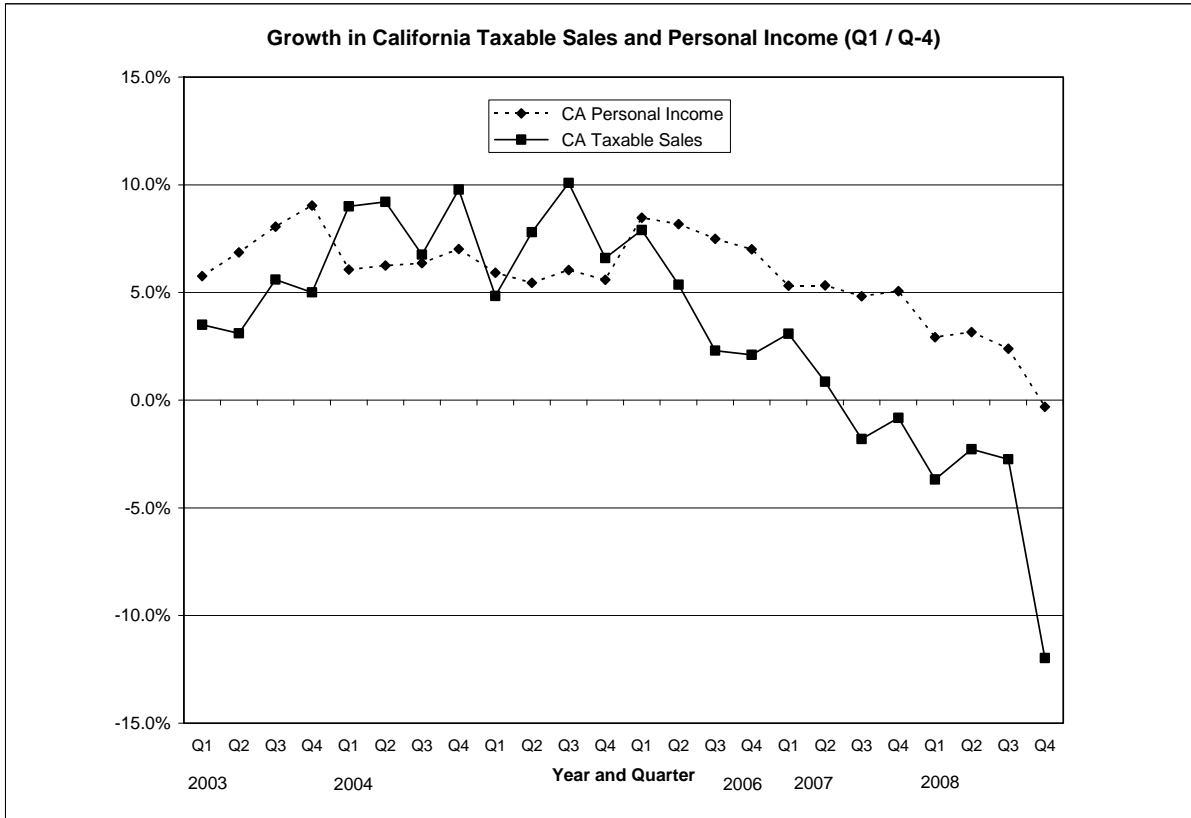
Taxable Sales in California is a quarterly report on retail sales activity in California, as measured by transactions subject to sales and use tax. It includes data about statewide taxable sales by type of business, as well as data about taxable sales in all California cities and counties from the first quarter of 2000 through the fourth quarter of 2008 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 2008 here:

www.boe.ca.gov/news/tsalescont08.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 2008.



Notice: In early 2007, the Board of Equalization 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, we will not publish percentage changes by industry until the coding process has been substantially completed.

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 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. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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