

Gauging the recession: Unprecedented drop in taxable sales in 2009

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Economic

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SANTA CRUZ — Taxable sales in Santa Cruz County dropped 16 percent in the first quarter of 2009 compared to the year before, matching the state-wide decline of 16 percent, the steepest on record.

The state Board of Equalization released the figures Thursday. The report is generally about a year late because of the deadlines for more than 942,000 retailers in the state to file reports. Two years ago, the state had more than 1 million retailers.

Taxable sales are critically important for local government, generating sales tax revenues that fund services such as police, public works and libraries.

Watsonville fared slightly

TAXABLE SALES			
JURISDICTION	2007 Q1	2008 Q1	2009 Q1
County	\$730.7 million	\$698.2 million	\$584.5 million
Capitola	\$113.2 million	\$100.4 million	\$76.4 million
Santa Cruz	\$190.6 million	\$186.2 million	\$156 million
Scotts Valley	\$44.5 million	\$43.6 million	\$32.3 million
Watsonville	\$141.4 million	\$128.5 million	\$110 million

SOURCE: California Board of Equalization

better than other cities in the county, with a drop of 14 percent in taxable sales compared to 16 percent in the city of Santa Cruz, 24 percent in Capitola and 26 percent in Scotts Valley.

“Those numbers reflect the heart of the recession,” said Capitola Councilman Kirby Nicol, recalling how the council took “draconian steps” to cut the city

budget in 2009. “The numbers we are working with now are much more optimistic.”

Capitola had projected a deficit of several hundred thousand dollars this fiscal year, but now is anticipating a \$500,000 surplus, Nicol said, adding that he saw an uptick in real estate sales volume in the past month.

California’s quarterly tax-

able sales, compared to the previous year, declined for seven straight quarters, the longest consecutive slide since World War II.

Betty Yee, who chairs the equalization board, described the decline as unprecedented, noting weak housing and vehicle sales.

“Californians have been concerned about job security, and many consumers with the ability to spend have chosen not to do so,” she said.

Taxable sales in California were \$107.2 billion in the first quarter of 2009 compared to \$127.9 billion in the first quarter of 2008 and \$132.8 billion in the first quarter of 2007.

In other jurisdictions, taxable sales fell 20 percent in San Jose, 17 percent in San Francisco, 17 percent in Monterey County and 24 percent in San Benito County.