California Taxable Sales

The mission of the CDTFA is to make life better for Californians by fairly and efficiently collecting the revenue that supports our essential public services.

Trends by Industry, County, and City

CDTFA collects more than $70 billion from 37 tax and fee programs. Incidental to this process, CDTFA collects data that can assist California businesses, policymakers, economists, and researchers to understand California’s economy and make informed strategic decisions. In this edition, we analyze trends in California’s taxable sales from 2015 to 2018. Specifically, we review taxable sales by type of business, by county, and by city. We also compare California taxable sales trends for 13 business categories to trends at the national level.¹

California collects sales and use tax (SUT) on the final sale of most tangible personal property, such as motor vehicles, clothing, appliances, and household furnishings. “Taxable sales” means the total dollar amount of retail transactions, excluding transactions exempt from SUT, such as groceries, utilities, and prescription medicines.² In 2015, total taxable sales in California were approximately $639 billion. By the end of 2018, that number increased to approximately $707 billion, representing a 10.7 percent increase.

Selected observations:

1. Among the 13 business categories reviewed, online retail businesses³ experienced the largest increase in taxable sales, while sporting goods, musical instruments, and book store retailers experienced small declines.

2. Geographically, the largest percentage of growth in taxable sales was in central California counties, while small, northern and rural counties experienced slower growth or declines.

3. Small cities experienced relatively volatile growth trends. This volatility may be due to the concentration in size and number of businesses in these cities.⁴

4. Growth in California’s total taxable sales is largely in line with national trends, with the exception of electronics and appliance stores.

Online retailers experienced the largest growth, logging a 64 percent increase in taxable sales and a 62 percent increase in per capita spending between 2015 and 2018. Conversely, sporting goods, musical instruments, and book store retailers experienced an 8 percent drop in taxable sales and a 9 percent drop in per capita spending. Figure 1 illustrates the percentage change in taxable sales for 13 business categories between 2015 and 2018.

¹ This includes retail and food service industries which comprise about 70 percent of total taxable sales. It excludes wholesale sales, mining, manufacturing, utilities, construction, entertainment and other industries, which comprise the remaining 30 percent of taxable sales.

² For a list of SUT exemptions and exclusions, please see CDTFA publication 61. (www.cdtfa.ca.gov/formspubs/pub61.pdf)

³ Online sales are part of the non-store retailer category, which includes direct mail order sales and others.

⁴ Small fluctuation in retail activity in a small city may cause large fluctuation in percent changes.
Among business type subcategories, health and personal care retailers (excluding online sales), grew the second fastest at 31 percent, followed by special food services and specialty food stores, which increased by 25 and 24 percent, respectively. Conversely, office supplies and stationary stores experienced a 13 percent decline in taxable sales, followed by book stores and news dealers, as well as hobby, toy, and musical instrument stores, which declined 9 percent and 8 percent respectively. The graph below summarizes the top five and bottom five business sub-categories by percentage growth between 2015 and 2018.

2. Geographically, central California counties experienced the largest percentage of growth in taxable sales, while small, northern, and rural counties saw the weakest growth or a decline.

From 2015-18, taxable sales increased in 50 of the 58 California counties; from 1 percent in Humboldt and 2 percent in Kings counties to 26 percent in San Benito and San Joaquin counties. The remaining 8 counties experienced a taxable sales decrease, from 23 percent in Alpine County to 0.2 percent in Inyo County. The map below identifies the top ten and bottom ten counties (by taxable sales percentage growth for the 2015-18 period). As the map indicates, counties experiencing the largest percentage growth are mostly concentrated in central California. Conversely, counties with negative or nominal growth tend to be northern, small, and rural, with Alpine county experiencing the largest percentage drop of 23 percent.

3. Small cities experienced more volatile growth trends, while large cities grew by an average of approximately 12 percent.

Taxable sales trends among California cities between 2015 and 2018 varied widely. Of 482 California cities, 50 cities experienced negative growth in taxable sales, and 13 cities saw double-digit declines. The City of Monte Sereno in Santa Clara County experienced the largest decline with a 90.7 percent drop in taxable sales.

The remaining 432 cities experienced growth, with 244 of them achieving double digits. The City of Dinuba in Tulare County and the City of Perris in Riverside County experienced triple digit growth at 139 percent and 119 percent respectively.

Cities that experienced the largest fluctuation in taxable sales generally were small cities. The City of Monte Sereno has a population of about 3,700 in an area of approximately 1.6 square miles. The City of Dinuba has a population of about 25,000 people and an area of about 6.5 square miles.
Among California’s 24 major cities (those with a population larger than 200,000), the City of Fremont had the largest percentage increase in taxable sales at 59 percent. By contrast, the City of Glendale experienced a 9 percent decrease and is the only city among this group to experience a decline in taxable sales. As a group, large cities experienced an average taxable sales increase of about 12 percent between 2015 and 2018.

4. Growth in California’s total taxable sales is largely in line with national trends, with the exception of electronics and appliance stores.

We compared California’s taxable sales growth for the ten largest business categories to national growth trends. Generally, California’s growth reflected national growth, with a few exceptions. The most notable exception is electronics and appliance retail stores. California taxable sales in this business category grew by 7 percent between 2015 and 2018. At the national level, taxable sales decreased by over 2 percent during the same period, according to U.S. Census data. The graph below compares California taxable sales growth to national levels for 10 business categories.
Taxable Sales Growth Top 10 and Bottom 10 Counties (2015 - 2018)

Graph 3 (10 Top/Bottom Counties Map)
Graph 4 (Major Cities Taxable Sales Growth)

Major CA Cities Taxable Sales Growth (2015-2018)

Graph 5 (CA v. U.S.)