



# STATE BOARD OF EQUALIZATION

## 2011-2012 ANNUAL REPORT



The Honorable Edmund G. Brown, Jr.  
Governor of California

September 2013

Dear Governor Brown:

On behalf of the Members of the State Board of Equalization (BOE), I am pleased to submit to you our annual report for fiscal year 2011-12.

Programs administered by the BOE produced \$52.5 billion in revenue in 2011-12 and accounted for more than 30 percent of all state revenue for the fiscal year.

The BOE supports California's state and local governmental finance system by providing essential revenue for the state's cities, counties, and special tax districts. BOE-administered programs provided \$20.6 billion for local governments.

Thanks to the excellent work of our 4,495 employees and a focus on process improvement, we have continued to provide efficient and effective tax administration, in spite of the challenges related to the sluggish economy. Our total costs for all operations in 2011-12 were \$474 million—only 88 cents for every \$100 of revenue collected. Of the total cost of operations, only \$274 million came from the General Fund.

We remain dedicated to serving the people of the great State of California.

Sincerely,



Cynthia Bridges  
Executive Director

## MISSION

The mission of the State Board of Equalization is to serve the public through fair, effective, and efficient tax administration.

## GOALS

The State Board of Equalization will:

- Improve the taxpayer experience
- Maximize voluntary compliance
- Invest in a skilled, motivated, and diverse workforce
- Enhance operational effectiveness

## Meeting Taxpayer Needs

The BOE is committed to helping all California businesses and individuals comply with the state's complex and changing tax laws. Our agency offers a full range of services tailored to the diverse needs of the state's businesses—from 24-hour electronic services to personal assistance with tax compliance questions. The BOE:

- Offers personal assistance with tax compliance questions by phone at 1-800-400-7115.
- Maintains forms, publications, regulations, tax news, meeting agendas, and special features on our updated [website](#).
- Provides several convenient electronic services such as registering for a permit, license, or account, filing a return, paying taxes or fees online, or requesting relief.
- Sponsors classes and all-day tax events with other federal, state, and local agencies.
- Presents online videos of our nonprofit educational seminars, efile instructions, and cigarette and tobacco retail sales.
- Conducts taxpayer educational consultations, providing assistance to first-year business owners.
- Provides information in 23 languages.
- Helps taxpayers get assistance on our [multilingual webpage](#).
- Assists taxpayers who have not been able to resolve a problem by normal channels through our [Taxpayers' Rights Advocate Office](#), 1-888-324-2798.

## Highlights

### Revenues

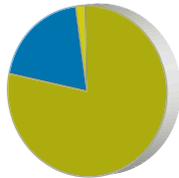
Programs administered by the BOE produced \$52.5 billion in revenue in 2011-12.

Sales and use tax revenue collected by the BOE generated \$41.2 billion. Of that total, \$1.3 billion was allocated to the Fiscal Recovery Fund and \$20.6 billion was provided to local governments.

### Total BOE Revenues Decrease

Fiscal year 2011-12 revenues totaled \$52.5 billion, 2.4 percent lower than the \$53.7 billion collected in 2010-11. Sales and use tax receipts, which totaled \$42.5 billion in 2010-11, fell to \$41.2 billion, a decrease of 3.1 percent.

### 2011-12 BOE Revenues\*



	Billions of Dollars in 2011-12	Change from 2010-11
Sales and use tax	\$41.2	-3.1%
Other taxes and fees	\$10.3	-0.2%
Property Taxes	\$1.0	8.5%
<b>Total</b>	<b>\$52.5</b>	<b>-2.4%</b>

\*Detail may not add to total due to rounding.

### Program Revenues

#### Property Taxes

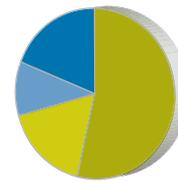
California property tax levies for fiscal year 2011-12 totaled \$49.0 billion, a \$100 million increase of 0.2 percent from the previous year's total of \$48.9 billion. County-assessed property values rose \$59.7 billion during 2011-12 to reach \$4.4 trillion for the 2012-13 tax year.

According to law, the BOE set the values of state-assessed properties, primarily privately owned public utilities and railroads, at \$87.2 billion for the 2012-13 roll. This was a \$1.9 billion increase from 2011-12 values.

State-assessed properties produced an estimated \$947 million in local property tax revenues for the state's 58 counties in 2011-12.

### 2011-12 General Property Tax Revenues\*

How each dollar is spent



	Billions of Dollars in 2011-12	Change from 2010-11
School purposes	\$26.3	0.7%
Counties	\$8.3	0.1%
Cities	\$5.0	0.7%
Other	\$9.3	-1.3%

\*Detail may not add to total due to rounding.

### Private Railroad Car Tax

Private railcar owners pay the private railroad car tax on railcars operated in California. For 2012-13, the Board-adopted assessed value for private railroad cars totaled \$720 million. The total assessed value reflects the application of an 81.71 percent assessment ratio as required by the Federal Railroad Revitalization and Regulatory Reform Act. The estimated private railroad car tax revenue for the state's 2012-13 General Fund was \$8.0 million.

### Timber Yield Tax

Timber owners pay the 2.9 percent timber yield tax based on the immediate harvest value of trees harvested for wood products. Revenues are returned to the counties where the timber was harvested. Calendar year 2011 revenues totaled \$7.0 million.

Timber harvest volume increased from the 1.2 billion board feet in 2010 to 1.3 billion board feet in 2011. The total value of the year's harvest increased to \$272.5 million. The number of registered timber owners decreased from 1,541 active program registrants at the end of June 2011 to 1,451 active program registrants as of June 30, 2012. Thirty timber owners paid approximately 87 percent of the tax collected in 2011.

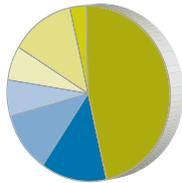
### Sales and Use Taxes

California sales and use tax revenue totaled \$41.2 billion in 2011-12, a decrease of 3.1 percent from the \$42.5 billion total in 2010-11. Sales and use tax revenue included:

- \$31.3\* billion from the state sales tax, with:
  - \$19.2 billion allocated to the state's General Fund.
  - \$2.7 billion allocated to the state's Local Revenue Fund; tax rate of 0.50 percent.
  - \$2.7 billion allocated to the Local Public Safety Fund; tax rate of 0.50 percent.
  - \$1.3 billion allocated to the state's Fiscal Recovery Fund; tax rate of 0.25 percent.
  - \$5.2 billion from the Local Revenue Fund 2011; tax rate 1.0625 percent.
- \$5.3 billion from the 1.00 percent Bradley-Burns Uniform Local Sales and Use Tax, allocated among all of the state's 58 counties and 480 cities.
- \$4.6 billion in special district transactions (sales) and use tax; rates vary by district.

\*Detail may not add to total due to rounding.

### 2011-12 Sales and Use Tax Revenues\*



	Billions of Dollars in 2011-12	2010-11	Change from 2010-11
State General	\$19.2	\$27.3	-29.5%
Bradley-Burns	\$5.3	\$4.9	8.8%
Special Districts	\$4.6	\$4.2	9.8%
Local Revenue	\$2.7	\$2.5	10.6%
Local Public Safety	\$2.7	\$2.5	10.6%
Local Revenue Fund 2011	\$5.2		N/A
Fiscal Recovery	\$1.3	\$1.2	10.6%
<b>Total</b>	<b>\$41.2</b>	<b>\$42.5</b>	<b>-3.1%</b>

\*Detail may not add to total due to rounding.

Please note: The huge drop in the State General Fund is explained by the creation of the 2011 Local Revenue Fund. A total of \$5.2 billion was shifted from the State General Fund to this fund. The fuel tax swaps (gas and diesel) further complicate analyses of these percentage changes.

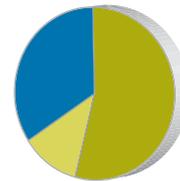
The sales and use tax rate in a specific California location has three parts: the state tax rate, the local tax rate, and any district tax rate that may be in effect. The combined state and local tax rate is 7.25 percent (6.25 percent state tax rate and 1.0 percent current local tax rate). State sales and use taxes provide revenue to the state's General Fund, to cities and counties through specific state fund allocations, and to other local jurisdictions.

### Special Taxes and Fees

In 2011-12, the BOE administered more than 20 special tax and fee programs that encompass a broad range of activities and transactions. Revenues from the insurance tax, alcoholic beverage tax, and a portion of cigarette tax receipts are allocated to the state's General Fund. Other special taxes and fees fund specific state services from highway construction to recycling programs. The BOE administers most of the special tax and fee programs in cooperation with other state agencies.

BOE-administered special tax and fee program revenues totaled \$10.3 billion in 2011-12, a decrease of 0.2 percent from 2010-11. Of the \$10.3 billion total revenue generated by special tax and fee programs, fuel taxes totaled \$5.6 billion, while alcohol and tobacco taxes totaled approximately \$1.2 billion.

### 2011-12 Special Taxes and Fees Revenues\*



	Billions of Dollars in 2011-12	Change from 2010-11
Fuel Taxes	\$5.6	-1.6%
Alcohol and Tobacco	\$1.2	0.2%
Other Special Taxes	\$3.5	2.1%
<b>Total</b>	<b>\$10.3</b>	<b>-0.2%</b>

\*Detail may not add to total due to rounding.

For more detailed information about any of our tax and fee programs, please see [publication 41](#), *Taxes and Fees Administered by the California State Board of Equalization*.



Betty T. Yee  
First District



Sen. George Runner (Ret.)  
Second District



Michelle Steel  
Third District



Jerome E. Horton  
Fourth District



John Chiang  
State Controller

Created in 1879 by a constitutional amendment, the BOE was initially responsible for ensuring that county property tax assessment practices were equal and uniform throughout California.

The BOE began to levy four new taxes, including insurance and corporate franchise taxes in 1911, to produce revenue for services throughout the state. The BOE assumed the responsibility for administering the new sales tax in 1933, created as a result of the tremendous drop in property tax revenues caused by the Great Depression, and began collecting the new use tax in 1935. Currently, the BOE administers the state's sales and use, fuel, alcohol, tobacco, and other taxes and collects fees that fund specific state programs in addition to property taxes and fees.

At present, more than one million businesses are registered with the BOE.

To see the expanded web version of the 2011-12 Annual Report, please visit [www.boe.ca.gov](http://www.boe.ca.gov). The web version contains detailed information including 48 comprehensive statistical tables about the BOE and its revenue generating efforts.

STATE BOARD OF EQUALIZATION  
1-800-400-7115