

**Memorandum**

**To** : Mr. Ramon J. Hirsig  
Executive Director

**Date** : September 10, 2010

**From** : David J. Gau, Deputy Director   
Property and Special Taxes Department

**Subject**: **2011 Diesel Fuel Tax Rate For Interstate Users – Component B**  
(September 2010 Administrative Consent Calendar)

Beginning January 1, 1998, and on each January 1 thereafter, section 60115 of the Revenue and Taxation Code provides that the tax imposed on interstate users consist of two components for the privilege of using diesel fuel in a qualified motor vehicle in this state.

The first component is the state excise tax imposed by Section 60050. This rate is currently set at \$0.18.

The second component, Component B, is the rate prescribed by Section 60116. Component B is established by the board as a cents per gallon equivalent to the sales tax on the average selling price of diesel fuel purchased in California during the prior twelve-month period ending August 31. The price of diesel fuel gradually increased in California during this period. The average price per gallon used in last year's computation was \$2.714 compared with this year's average price per gallon of \$3.047. The combined state and local sales tax rate remained constant at 8.25 percent.

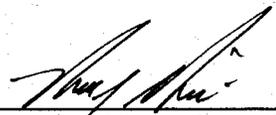
I recommend the adoption of a diesel fuel tax rate for interstate users Component B of \$0.217 per gallon for calendar year 2011. The rate was developed as follows:

\$ 3.047	Average price per gallon of diesel fuel including state excise tax and sales tax for the period 9/2/09 through 8/25/10.
- 0.180	State excise tax.
2.867	Average price per gallon excluding state excise tax.
- 0.239	Sales tax amount included in average price per gallon (\$2.867/1.090946 = \$2.628. \$2.867 - \$2.628 = \$0.239).
2.628	Average price per gallon excluding state excise tax and sales tax.
x .0825	Combined state and local sales tax rate.
<u>\$ 0.217</u>	Component B of the interstate users' tax on diesel fuel.

Please place this item on the Board's September 2010 Administrative Consent Calendar for approval.

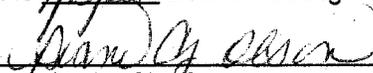
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cc: Ms. Diane Olson  
Ms. Lynn Bartolo  
Mr. Lou Feletto

Approved: 

Ramon J. Hirsig, Executive Director

BOARD APPROVED  
at the 9/15/2010 Board Meeting

  
Diane Olson, Chief  
Board Proceedings Division

**HISTORY**  
**INTERSTATE USERS' TAX ON DIESEL FUEL**

<u>Calendar Year</u>	<u>Rate/Gallon</u>
1998	\$0.263
1999	\$0.251
2000	\$0.250
2001	\$0.271
2002	\$0.282
2003	\$0.263
2004	\$0.278
2005	\$0.295
2006	\$0.330
2007	\$0.367
2008	\$0.366
2009	\$0.437
2010	\$0.373
<b>2011 (Proposed)</b>	<b>\$0.397</b>