

M e m o r a n d u m

To : Honorable Jerome E. Horton, Chairman
Senator George Runner (Ret.), First District
Honorable Fiona Ma, CPA, Second District
Honorable Diane L. Harkey, Fourth District
Honorable Betty T. Yee, State Controller

Date : February 13, 2015

Joe Fitz (for Mark Durham)

From : Mark Durham
Research and Statistics Section

Subject : **2015-16 Diesel Fuel Tax Rate for Interstate Users – Component b**
February 24-26, 2015 Board Meeting
Item P1 – Executive Director’s Report

Diesel Fuel Tax Rate for Interstate Users – Component b. Revenue and Taxation Code (RTC) section 60116 requires the Board of Equalization to set the excise tax rate on diesel fuel used by interstate users on an annual basis no later than March 1st of each year. The excise tax rate on diesel fuel for interstate users is comprised of two components:

1. Diesel fuel excise tax rate
2. Component b tax rate

Component b is imposed on all interstate users for the privilege of using diesel fuel purchased without California sales tax to propel a qualified motor vehicle in California. The Component b rate is 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 January 31st. The average price per gallon for this year’s computation is \$3.920.

The computation prescribed in RTC section 60116 requires staff to exclude the state excise tax (\$0.11) and sales taxes (\$0.354) from the average selling price of diesel fuel (\$3.920) sold during the prior twelve-month period ending January 31st and determine the combined state and local sales tax in effect as of July 1 (7.5 and 1.75 percent¹) to determine the Component b rate.

Staff recommends the adoption of a Diesel Fuel Tax Rate for Interstate Users – Component b of \$0.320 per gallon for 2015-16, a decrease of \$0.017 from the current Component b rate of \$0.337.

¹/ Combined state and local sales tax rate of 7.5% and additional sales tax of 1.75% imposed on diesel pursuant to RTC 6051.8.

Please place this item on the Board's February 2015 Calendar under the Executive Director's Report for approval.

Approved: 
Cynthia Bridges, Executive Director

BOARD APPROVED
at the 2/24/15 Board Meeting


Joann Richmond, Chief
Board Proceedings Division

- cc: Ms. Shellie Hughes
Ms. Kari Hammond
Mr. Sean Wallentine
Mr. Jim Kuhl
Mr. Russell Lowery
Ms. Yvette Stowers
Ms. Michele Pielsticker
Ms. Joann Richmond
Ms. Lynn Bartolo
Mr. Richard Parrott