



State Board of Equalization

News Release

Vice Chairperson Jerome E. Horton

4th District – Los Angeles

Ramon J. Hirsig
Executive Director
www.boe.ca.gov

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Contact: NR 59-10-H
Anita Gore
916-327-8988

Local Sales Tax Allocations Increase Statewide

Jerome E. Horton, Vice Chairperson of the California State Board of Equalization (BOE), announced today that May sales tax allocations to local governments will be roughly increased by 3.7 percent, due to positive growth in statewide cash receipts during the first quarter of 2010.

An analysis of first quarter 2010 cash receipts show noticeable increases in taxable transactions in used car sales, department stores, and gasoline retailers. In light of these developments, the BOE has rescinded the decrease of 3.7 percent initially applied to the advances for the first quarter. The BOE makes monthly allocations to 768 local jurisdictions based on a formula that includes historical allocations, growth factor adjustments to the base, fund transfers and audits. During economic uncertainty, cash receipts are reviewed to identify revenue shortfalls to determine if further adjustments are warranted.

Beginning in the fourth quarter of 2008, the BOE reduced advance payments to local taxing jurisdictions beyond adjustments based on the negative growth factors projected by the Department of Finance due to an unprecedented drop in taxable sales stemming from the recession. Broad scale downward monthly advance adjustments were made in February, May, August, and November of 2009. In addition to the many local jurisdictions whose payments were reduced, some jurisdictions received no payments at all in those months. No secondary broad scale adjustments were necessary in February 2010 for fourth quarter 2009 payments.

Vice Chairperson Jerome E. Horton is the 4th District Member of the BOE, representing more than 8.5 million residents in Los Angeles County. He is also the BOE Legislative Committee chairperson. Horton is the first African American to serve on the BOE since its inception in 1879, and the third African American constitutional officer in California's history. Horton was appointed by the Governor and confirmed by both the Assembly and the Senate in 2009. Horton previously served as an Assembly member from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The BOE collects more than \$53 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

Schedule of May 2010 payments: http://www.boe.ca.gov/news/pdf/1q10_adjustments_to_jurisdictions.xls

Sample Letter: http://www.boe.ca.gov/news/pdf/Sample_Letter_May2010.pdf

November 2009 Press Release: <http://www.boe.ca.gov/news/2009/120-09-G.pdf>

August 2009 Press Release: <http://www.boe.ca.gov/news/2009/71-09-G.pdf>

May 2009 Press Release: <http://www.boe.ca.gov/news/2009/44-09-G.pdf>

March 2010 Press Release: <http://www.boe.ca.gov/news/2010/31-10-G.pdf>

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