



State Board of Equalization

News Release

George Runner, Member

2nd District – Lancaster

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Statewide Sales and Use Tax Rate Set to Decrease by 1% July 1

Legislature Could Act to Extend Current Rates

Barring action by the State Legislature, the statewide sales and use tax rate will decrease from 8.25 percent to 7.25 percent on July 1, 2011, announced Senator George Runner, Second District Member of the California State Board of Equalization (BOE) today.

Senator Runner said, "A lower sales tax would provide a powerful boost to California's economy and help create jobs. Let's hope the Legislature comes to grips with this reality soon and rejects the Governor's effort to extend the higher tax for years to come. Two years ago when taxpayers were given the choice to extend this tax they resoundingly said 'no.' Hardworking Californians will be glad to keep these dollars in their pockets rather than send them to Sacramento."

The 1 percent decrease applies, generally, to all taxable transactions in California. In areas where voters have approved additional sales taxes, the total tax rate applied to purchases will be the statewide base tax rate of 7.25 percent, plus any applicable local sales tax. A Special Notice is being emailed to approximately 680,000 California retailers and out-of-state businesses that make transactions in California, notifying them of the scheduled rate decrease. Retailers should check the BOE website, www.boe.ca.gov, for updates.

"This is welcome news for California's nearly 13 million households, who would save an average of \$233 annually," said Senator Runner, who noted that should the scheduled reduction take place, California would still retain the highest base sales tax rate in the nation.

Part of a 2008-09 budget agreement, Assembly Bill X3 3 temporarily increased the General Fund portion of the sales and use tax rate by 1 percent in April of 2009, and will sunset on June 30, 2011. Governor Jerry Brown's revised 2010-11 budget plan, released May 16, relies in part on an extension of the 1 percent increase, but will not take effect unless the legislature approves it before July 1, 2011.

The BOE estimates that the 1% increase has generated nearly \$11 billion in new General Fund revenue. The sales and use tax rate in California currently ranges from 8.25 percent to 10.75 percent, depending on whether additional regional voter-approved sales taxes apply. Beginning July 1, 2011, the range will be 7.25 percent to 9.75 percent.

Elected in November 2010, taxpayer advocate George Runner represents the Second District of the Board of Equalization. Runner was sworn in as Second District Board Member on January 3, 2011. Prior to his election to the Board, Runner served twelve years in the State Legislature. As a thoughtful conservative, his legislative priorities included improving the economy, business growth, education excellence, and public safety for all Californians. As a

member of the Senate Revenue and Taxation Committee, Runner consistently led the fight against tax increases and supported tax relief for families and businesses.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$48 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.

Special Notice: <http://www.boe.ca.gov/news/pdf/1277.pdf>

California City and County Sales and Use Tax Rates: <http://www.boe.ca.gov/cgi-bin/rates.cgi>

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