



State Board of Equalization

# News Release

**Vice Chair Michelle Steel**

**3<sup>rd</sup> District – Rolling Hills Estates**

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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, Board of Equalization (BOE) Vice Chair Michelle Steel announced today.

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](http://www.boe.ca.gov), for updates.

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 to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

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](http://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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