



News Release

Vice Chair Michelle Steel

3rd District – Rolling Hills Estates

For Immediate Release
July 26, 2011

Contact: NR 86-11-S
Anita Gore
916-327-8988

Board of Equalization Approves Use Tax Look-Up Table for 2011

Michelle Steel, Vice Chair of the California State Board of Equalization (BOE), today announced that the Board, in a three to two vote, approved the 2011 Use Tax Look-Up Table for calculating and reporting estimated California use tax on individuals' state income tax returns.

“There is no correlation between personal income and use tax liabilities,” said Vice Chair Steel, who voted against the new table. “Use tax is owed on tangible property purchased outside of California, not on an arbitrary calculation determined by the state.

“The intent of the table is to make it more convenient for taxpayers not registered with the BOE to comply with their use tax obligations by giving taxpayers the option to report their estimated use tax liabilities, determined from a use tax table, instead of calculating and reporting their actual unpaid use tax liabilities. In effect, the table will cause some taxpayers to inadvertently overpay their use tax by following the estimate, while others will underpay their actual liabilities. Californians who don't owe any use tax may also mistakenly pay the tax estimated on the table.”

The Board is now required under provisions of a new law to annually calculate the estimated amount of use tax due based on a person's California adjusted gross income (AGI). SB 86 (Ch. 14, Stats. 2011) requires the BOE to provide the amounts in the form of a use tax table to the Franchise Tax Board (FTB) by July 30 of each calendar year, beginning this year. The FTB provides the Use Tax Look-Up Table as part of the California income tax return instructions for calendar year 2011.

The Board today approved the 2011 Use Tax Look-Up Table as follows:

ADJUSTED GROSS INCOME (AGI)	USE TAX LIABILITY
less than \$20,000	\$7
\$20,000 to \$39,999	\$21
\$40,000 to \$59,999	\$35
\$60,000 to \$79,999	\$49
\$80,000 to \$99,999	\$63
\$100,000 to \$149,999	\$88
\$150,000 to \$199,999	\$123
More than \$199,999	Multiply AGI by 0.070%

This Use Tax Look-Up Table is estimated to result in additional revenues of \$10.6 million in 2011-12 and annually thereafter, \$6.5 million of which is General Fund.

The use tax, the counterpart to the sales tax, has been the law since 1935. Use tax is owed on purchases made out-of-state when the tax was not collected by a registered retailer. Use tax is generally due on purchases made through

mail-order or Internet retailers. Individuals who owe use tax may pay the tax directly to the BOE or declare and pay the tax through the state income tax return by using the use tax line provided on the return.

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.

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