

**For Immediate Release**  
**August 19, 2011**

**Contact:** NR 98-11-S  
**Anita Gore**  
**916-327-8988**

## **Michelle Steel Releases Use Tax Payments Analysis**

Michelle Steel, Vice Chair of the California State Board of Equalization (BOE), today released a staff analysis of use tax payments made by California taxpayers on their personal income tax forms.

The August edition of the *Economic Perspective*, produced by BOE research staff, shows that use tax payments are heavily concentrated in high income households, and that such payments vary greatly according to both household income group and geography.

Use tax is owed when a consumer makes a purchase from an out-of-state retailer who does not collect California tax. When the out-of-state retailer does not collect the tax, the consumer is responsible to make the use tax payment directly to the state. Since 2004, consumers have had the option of reporting and paying their use tax due by completing a line on their state income tax form.

A convenient way for individuals to pay use taxes is to report their liabilities on the line provided on personal income tax forms. Data from the Franchise Tax Board (FTB) indicate that California households paid about \$10.4 million in use tax payments on their personal income tax returns related to calendar year 2009 liabilities. Board of Equalization research staff tabulated these data for the state as a whole and for the ten most populous counties in the state by income class for four broad income classes.

The statewide data indicate that:

- About 0.42 percent of taxpayers reporting any adjusted gross income (AGI) made use tax payments on their income tax forms.
- A larger percentage of relatively high income taxpayers reported use tax payments than did low income households. A little over one percent (1.12 percent) of California taxpayers with AGI over \$100,000 reported use taxes, while 0.15 percent of households with AGI less than \$30,000 reported use taxes.
- Use tax payments averaged \$170 per household.
- High income households (AGI over \$100,000) averaged the highest use tax payments, \$311 per household. Low income households (AGI less than \$30,000) averaged use tax payments of \$76 per household. The lowest average use tax payments were made by households with AGI between \$30,000 and \$60,000, an average of \$70.
- High income households (AGI over \$100,000) accounted for 40 percent of all households reporting use taxes. These high income taxpayers paid 73 percent of all use taxes reported on personal income tax returns.

Data for the ten most populous counties indicate that:

- Percentages of taxpayers with AGI making use tax payments varied from a low of 0.19 percent for both San Bernardino and Riverside counties to a high of 1.03 percent for Santa Clara County. As mentioned earlier, the statewide average was 0.42 percent.
- The statewide pattern of greater percentages of high income taxpayers making use tax payments generally held for these counties, with little variation in county rankings.
- Use tax payments per household ranged from a low of \$77 in San Diego County to a high of \$579 in Contra Costa County. Average use tax payments in Fresno and San Bernardino counties were \$79, very close to those of San Diego County. (The statewide average was \$170 per household.)
- High income households (AGI over \$100,000) averaged the highest use tax payments in Contra Costa County, \$1,180 per household. The second highest reporting for this group was Los Angeles County, \$650 per household. The lowest average use tax reported for high income households was Sacramento County, at \$91 per household. Fresno County was very close to Sacramento County, averaging \$93 per household. (The statewide average for high income households was \$311 per household.)

The *Economic Perspective* newsletter is a quarterly publication produced by the BOE that looks at economic factors of interest or that influence California economic activity.

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 \$50 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).

August 2011 Economic Perspective: <http://www.boe.ca.gov/news/2011/pub329-8-11.pdf>

California Use Tax Information: <http://www.boe.ca.gov/taxprograms/usetax/index.html>

Ecommerce revenue loss estimate: <http://www.boe.ca.gov/legdiv/pdf/e-commerce-11-10.pdf>

###