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New Law Requires Retailers to Collect Lumber Products Assessment One Percent Assessment Added to Purchases of Lumber Products at Point-of-Sale

Sacramento – Michelle Steel, Vice Chair of the State Board of Equalization, warned Californians today that a new law, which takes effect on January 1, 2013, will require retailers and construction contractors who make retail sales to collect a one percent (1%) assessment from California consumers who purchase lumber and engineered wood products.

“This new law – a \$35 million tax increase passed by the Legislature in September – is already causing a great deal of confusion, and increased costs, for lumber retailers and contractors across the state,” said Steel.

To reduce some of the confusion and provided needed information on this new and complex program, BOE is sending letters to more than 200,000 retailers and construction contractors informing them they may be affected by the new 1% lumber products assessment and offering the following information on how to comply:

- Receipts given to customers must clearly state the 1% lumber products assessment.
- The 1% lumber products assessment is not subject to sales or use tax.
- Retailers will be required to electronically file the lumber products assessment with the BOE.
- BOE makes it easy for retailers to electronically file and pay their sales and use tax returns (eFile).
- Retailers are entitled to \$250 in reimbursement for start-up costs for each retail location.

The new law ([AB 1492, Ch. 289, Stat. 2012](#)) mandates that BOE collect the assessment from retailers for various state agencies including the Department of Forestry and Fire Protection (CAL FIRE). BOE estimates show the lumber products assessment will generate \$35 million in FY 2013-14 for the Timber Regulation and Forest Restoration Fund.

For more details:

- [California Lumber Products Assessment](#)
- [Lumber Products Assessment Frequently Asked Questions \(FAQ's\)](#)

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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 is a publicly elected tax board. The Board of Equalization collects more than \$53.7 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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