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BOE to Set Sales Tax Exemption Threshold for Bulk Sales of Gold; Adjust Tax and Fee Rates; and Consider Regulation Based on Supreme Court Decision

San Francisco – The California State Board of Equalization (BOE) will consider adopting a variety of rates and regulations at its September 10, 2013 meeting in the California Public Utilities Commission Auditorium at 505 Van Ness Avenue in San Francisco.

State law provides a sales and use tax exemption for “bulk sales” of monetized bullion, nonmonetized gold and silver bullion, and numismatic coins. Currently, the term “bulk sale” refers to sales of coins or bullion having a market value of \$1,500 or more. However, state law also requires the BOE to annually adjust the \$1,500 threshold amount based upon the California Consumer Price Index (CCPI) by October 1 of each year and increase the bulk sale threshold to \$2,000 when the cumulative inflation adjustments exceed \$500. BOE staff is recommending the BOE adopt the \$1,500 threshold for 2014 because the cumulative inflation adjustment is currently less than \$500.

The Board will also set tax and fee rates for the state’s Occupational Lead Poisoning Prevention Program (OLPPP) and five other tax and fee programs administered under the Hazardous Substances Tax Law, which are adjusted annually based on changes to the CCPI. Sections of the Health and Safety Code mandate the Board to set these rates which take effect January 1 of the following year. The OLPPP is administered by the Department of Public Health, which uses these funds to assist California employers and employees in the prevention of lead poisoning in the workplace. The BOE administers five other tax and fee programs pursuant to the Hazardous Substances Tax Law on behalf of the Department of Toxic Substances Control (DTSC). The tax and fee revenues collected provide funding for DTSC’s oversight and regulation of waste management throughout California.

The BOE will contemplate whether to propose to promulgate a new regulation for assessing petroleum refining properties, which the California Supreme Court invalidated on procedural grounds in *Western States Petroleum Association v. Board of Equalization* (August 5, 2013). The California Supreme Court held that the BOE had the authority to adopt the regulation, which provides for the appraisal of refinery property (land, improvements, and fixtures) as a single unit, and that the regulation was consistent with the state constitution and applicable statutes.

Also, the BOE will consider whether to adopt proposed Regulations 2000 and 2001, which authorize retailers of lumber products and engineered wood products to retain \$250 per retail location from the Lumber Products Assessments they collect beginning January 1, 2013, and retain an additional \$485 per location from the Lumber Products Assessments they collect beginning January 1, 2014, respectively, for start-up costs associated with the Lumber Products Assessment. A one percent assessment on lumber and

engineered wood products provides funding for timber regulation and forest restoration. The Board will also decide whether to authorize minor changes to various property tax regulations to reflect recent legislation.

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The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE 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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