



STATE BOARD OF EQUALIZATION

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May XX, 2010

Finance Director

Dear Finance Director:

Positive Adjustment – May 2010 Advance

This letter is to inform you that your jurisdiction's May 2010 Advance was subject to an increase of 3.7% computed on the First Quarter 2010. The May 2010 Advance increase for your jurisdiction was approximately \$\$\$\$\$ for a total advance of \$\$\$\$\$.

In our last letter, dated March 23, 2010, we informed you that we applied a -3.7% growth factor to the First Quarter 2010 advance payments as recommended by the Department of Finance in their notice to jurisdictions dated January 19, 2010. We also informed you that we would continue to keep you informed on future adjustments that may become necessary to the advances due to the uncertain economic conditions.

We are pleased to inform you that a review of the Statewide Cash Receipts for 1Q10 disclosed that the overall cash receipts were up approximately 5.0% from the cash receipts in 1Q09. (Note: This percentage is taking into account the 1% increase going directly to the state). We reviewed several top taxpayer accounts and found that there were noticeable increases in sales and use taxes being reported for the used car sales, department stores, and gasoline retailers. In light of this news we determined that an increase to the May 2010 advance by the amount that was initially deducted from the 1Q10 advances (-3.7%) was warranted.

We will continue to monitor the statewide cash receipts for subsequent quarters to determine whether adjustments (positive or negative) will be required to future advances. If you have any questions concerning any of the information provided in this letter, please contact us by e-mail at EWGroup@boe.ca.gov or call either Sonia Calistro or Jim Kendrick at (916) 324-3000.

Sincerely,

L. D. Micheli
Supervisor
Local Revenue Allocation Unit