



Special Notice

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711

Lumber and Engineered Wood Products 1% Assessment Begins January 1, 2013

Beginning January 1, 2013, purchases of lumber products and engineered wood products for use in California will be subject to a one percent (1%) assessment based on the selling price of the products.

Who is required to pay the assessment to the BOE under the new law?

Under the new law ([Public Resources Code sections 4629 – 4629.13](#)), retailers selling lumber products and engineered wood products to California consumers must charge and collect the 1% lumber products assessment from their customers and report and pay the assessment to the Board of Equalization (BOE).

Also, persons who purchase lumber products or engineered wood products for use in this state without paying the 1% assessment to a California retailer at the time of their purchase must register with the BOE to report and pay the assessment beginning January 1, 2013.

How does the new law affect construction contractors?

Construction contractors may be either consumers or retailers of lumber products or engineered wood products.

- As a consumer of lumber products or engineered wood products, construction contractors will be required to pay the assessment to their California vendors.
- As a consumer of lumber products or engineered wood products, construction contractors will be required to pay the assessment directly to the BOE on purchases made from outside of California for use in this state.
- As a retailer of lumber products, construction contractors will be required to charge and collect the assessment from their customers and report and pay the assessment to the BOE on their sales and use tax return.
- As a retailer of items that a construction contractor manufactures, assembles, processes, or produces from lumber products or engineered wood products (for example, prefabricated cabinets), no assessment is due on either the contractor's purchase or on their subsequent sale of these items.

Construction contractors that hold a seller's permit and sell lumber products or engineered wood products to consumers in this state may offset their reported lumber products assessment amounts against start-up costs of \$250 per business location.

For more information about construction contractors, see [publication 9, Construction and Building Contractors](#), by visiting our website at www.boe.ca.gov and clicking the [Forms & Publications](#) tab, and following the [Publications](#) link to view the complete listing.

What products are subject to the lumber assessment?

In general, lumber products and engineered wood products subject to the 1% assessment are defined as "primary" wood products produced directly from forest trees in which wood is a principal component (at least 10% of total content).



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However, wood products that have been manufactured, assembled, processed, or produced from primary wood products are not subject to the 1% assessment. These include “secondary” wood products where there has been additional labor that adds significant value to the product. See the examples below of products subject to the assessment and products not subject to the assessment:

SUBJECT TO LUMBER ASSESSMENT	NOT SUBJECT TO LUMBER ASSESSMENT
Lumber Plywood particle board Fiberboard Poles Posts Structural panels Decking Railings Fencing (<i>poles, solid board</i>) Roofing (<i>shakes and wooden shingles</i>) Siding Sub-flooring Oriented strandboard Glue-laminated timber Laminated veneer lumber Lath (<i>for example, a thin narrow strip of wood used for support</i>)	Furniture Firewood Paper products Indoor finished flooring Wainscoting (<i>facing or paneling applied to walls</i>) Paneling Shutters Blinds Frames Windows Doors Cabinets Molding Millwork (<i>for example, baseboards</i>) Trusses Pre-constructed railing sections Carvings and craft products

How to Register

To register with the BOE, visit www.boe.ca.gov, click the [eServices](#) tab and under the *eReg* heading, select [Register, Pay Use Tax or Claim an Exemption](#). Beginning in April 2013, you may report and pay the lumber products assessment (as well as any applicable use tax) on a one-time purchase of lumber products or engineered wood products using *eReg*.

For more information

If you have questions or would like additional information regarding the lumber products assessment, you may call our Taxpayer Information Section at 1-800-400-7115 (TTY: 711), Monday through Friday 8:00 a.m. to 5:00 p.m. (Pacific time), excluding state holidays. For additional information, go online at www.boe.ca.gov to view BOE’s Frequently Asked Questions (FAQs) and our lumber products assessment page at www.boe.ca.gov/industry/lumber_products.html.