

# State Board of Equalization

Annual Report 2006-07



## Board Members

**Betty T. Yee**  
First District

**Bill Leonard**  
Second District

**Michelle Steel**  
Third District

**Judy Chu, Ph.D.**  
Fourth District

**John Chiang**  
State Controller

---

**Ramon J. Hirsig**  
Executive Director

# State Board of Equalization

The Honorable Arnold Schwarzenegger  
Governor of California  
June 2008

Dear Governor Schwarzenegger:

On behalf of the Members of the State Board of Equalization, I am pleased to submit to you our annual report for fiscal year 2006-2007.

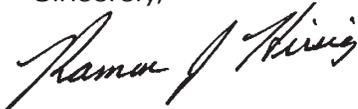
Programs administered by the Board of Equalization produced \$53.87 billion in revenue in 2006-2007, about \$0.88 billion more than the previous fiscal year. The state's portion, \$40.87 billion, contributed more than 34 percent of all state revenue for the fiscal year.

Our agency connects state and local governments by collecting essential revenue for the state's cities, counties, and special tax districts. In 2006-2007, the Board of Equalization administered programs yielded \$9.60 billion for local governments from local and district sales and use taxes alone.

And thanks to our effective administration and resourceful employees, we offer quality customer service together with public value. In 2006-2007, the BOE spent \$226.22 million—only 70 cents for every \$100 of revenue collected.

We are proud to serve the people and businesses of our state as we continue to join you in California's journey through the 21st century.

Sincerely,



Ramon J. Hirsig  
Executive Director



**Many Californians have a strong sense of place.**

From the time folks responded to the familiar cries of “Go West!” over 150 years ago, our state has continued to be a destination where new beginnings are sought and dreams realized.

From the start of the great migration during the Gold Rush, trailblazers cleared paths to show the way. As people arrived and established communities, the threads that bound a town or city together and gave it an identity to build upon were its streets. Streets define the boundaries of where we live; they provide the means to build a collective identity through establishing neighborhoods and downtowns, parks and shopping districts.

The horse trails of the pioneers gave way to roads. Roads became highways and many highways evolved into interstates; yet the purpose remains the same: to allow us to be interconnected; to pursue commerce, industry, entertainment, recreation and well-being. They function to satiate our collective wanderlust. By nature, Californians want to “see what’s out there” and it’s through the myriad streets and highways that we gain access to all that our beautiful state has to offer.

For this report’s design theme we decided to celebrate these roads; whether they be a main highway, or a road less traveled. Our roads serve to remind us, on many levels, to cherish our diversity, to embrace our tradition, to see where we’ve been, and to dream about where the future will lead us.



## **Mission**

The mission of the State Board of Equalization is to serve the public through fair, effective, and efficient tax administration.

## **Goals**

The State Board of Equalization will:

- Maximize voluntary compliance in BOE's programs
- Improve the efficiency of BOE's tax and fee programs
- Improve the BOE's organizational efficiency
- Create an expanded and responsive infrastructure
- Foster a skilled, motivated, and diverse workplace

## **Contents**

Profile	5
Highlights	13
Property Taxes	19
Sales and Use Taxes	31
Special Taxes and Fees	43
Appeals	57
Meeting Taxpayer Needs	61
Economic Analysis	69

### **Appendix**

History	82
Organization Chart	84
Board Publications	85
Statistical Appendix	87

Taxes and Fees Administered by the Board of Equalization, 2006-07