



State Board of Equalization

News Release

Judy Chu, Ph.D.
Chair

4th District – Los Angeles

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For Immediate Release
September 9, 2008

NR 70-08-C
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Board of Equalization Notifies Retailers and Taxpayers of Possible Increase *1% Statewide Sales and Use Tax Rate Increase Discussed*

Judy Chu, Ph.D., Chair of the State Board of Equalization (BOE), today announced that more than 500,000 California retailers will be receiving information regarding a possible 1% sales and use tax increase currently under consideration by the Legislature to partially address the 2008-09 budget gap.

The BOE administers the sales and use tax program and California retailers are responsible for sending to the BOE the taxes collected from consumers when tangible personal property is sold.

If a rate increase is approved by the Legislature, depending on its implementation date, retailers may have to file a supplemental return. Monthly and quarterly taxpayers will receive information this month about the possible increase and the possible need to file a supplemental sales and use tax return if the increase is imposed at any time other than the first day of a calendar quarter. Retailers may also need to reprogram cash registers and computers for the new sales tax rate. Detailed information about possible requirements for reporting sales tax if a rate increase is adopted is available online at: <http://www.boe.ca.gov/sutax/onepercent.htm>

Currently, in the proposals under consideration, there is no specific effective date for a sales and use tax rate increase. If such an increase is approved, it may become effective quickly, depending on the exact language adopted by the Legislature. For example, the Governor proposed a new sales tax rate in mid-August with an effective date of September 1, 2008 that was not adopted.

In addition to the information being mailed to retailers beginning this week, the BOE will officially notify registered retailers of the effective date of any tax rate increase, if and when information is available. Retailers should also continue to monitor the BOE website for the status of the possible sales and use tax rate increase.

Current proposals would exclude sales of gasoline, diesel, and jet fuel from the additional tax, and are estimated to generate \$3.6 billion in fiscal year 2008-09, if implemented starting October 1, 2008. If a tax rate increase goes into effect, the combined state, local, and county rate would be 8.25%. Sales would be subject to the combined statewide rate of 8.25% plus any applicable local district taxes. Sales tax rates in California currently vary from 7.25% to 8.75%. Under current proposals, the combined tax rate for sales of gasoline, diesel, and jet fuel would remain at 7.25%.

California sales and use tax revenue totaled \$45.1 billion in 2006-07 (most recent figure available).

Chair Judy Chu represents the Fourth Board of Equalization District, which includes Los Angeles County. She won election to the BOE in November 2006 and was elected Chair of the Board of Equalization in January 2008. Chair Judy Chu is also a voting member of the Franchise Tax Board.

The five-member California State Board of Equalization is a publicly elected tax board. The BOE collects more than \$53 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.

[BOE Website: Possible 1% Sales Tax Increase](#)
[Special Notice](#)
[Current California Sales Tax Rates](#)
[Governor's Budget Proposal](#)

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