



State Board of Equalization

# News Release

## Vice Chair Michelle Steel

### 3<sup>rd</sup> District – Orange County

Cynthia Bridges  
Executive Director  
[www.boe.ca.gov](http://www.boe.ca.gov)

**For Immediate Release**  
**February 14, 2014**

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### **BOE to Consider Adjusting Gasoline Excise Tax Rate Downward \$0.035 per Gallon**

**Sacramento** – The California State Board of Equalization (BOE) will consider adjusting the excise tax rate for gasoline downward by \$0.035 during its scheduled February 25, 2014 meeting in Culver City.

“I look forward to voting in favor of this much-needed tax cut for all Californians,” BOE Vice Chair Michelle Steel said.

“At the same time, I urge the Legislature to eliminate this unjust scheme, known as the ‘fuel tax swap,’ which requires the BOE to adjust gas tax rates each year based on a guessing game.”

Gasoline prices during the current 2013-14 fiscal year have been lower than projected, and forecasts for 2014-15 indicate prices will remain close to what they are currently. If adopted, between July 1, 2014 and June 30, 2015, the excise tax on gasoline will be \$0.36. The current excise tax rate is \$0.395.

Legislation known as the “fuel tax swap” was approved and signed into law in 2010. The law lowered the sales tax rate on gasoline by 5 percent, and increased the excise tax rate per gallon of gasoline to assure that consumers would pay no more or no less in state gasoline taxes that they would have paid before the swap. The Board of Equalization has no independent authority to raise or lower taxes. Instead, it must continue to assure this revenue neutrality by adjusting the excise tax rate annually.

The “fuel tax swap” mandates the BOE to set the excise tax rate for gasoline by March 1 of each year. The BOE sets the rate based on the projected price and number of gallons drivers will purchase in the upcoming fiscal year. The upcoming annual rate also accounts for the difference in the actual and estimated sales tax revenue in the prior fiscal year that would have been collected under the old tax structure. The sales tax on gasoline funds a variety of programs while the excise tax revenue is used for public roads and mass transit.

BOE forecasts are based on price and purchase projections from the Department of Finance and IHS Global Insight, an internationally recognized firm that provides comprehensive economic and financial data to nations and states.

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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](http://www.taxes.ca.gov).

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Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

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