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BOE to Consider Adjusting Gasoline Excise Tax Downward by \$0.035

Sacramento – The California State Board of Equalization (BOE) will vote on a staff proposal to adjust the Fiscal Year 2014-15 excise tax rate on gasoline downward by \$0.035 during its scheduled monthly meeting on February 25, 2014 at 5901 Green Valley Circle in Culver City. This item is expected to be among the first discussed.

State law mandates that the Board set the excise tax rates for gasoline before March 1 of each year. If the Board adopts the staff recommendation, the new excise tax rate of \$0.36 will take effect on July 1, 2014 and remain at that rate until June 30, 2015. Motorists currently pay \$0.395 in excise tax for each gallon of gasoline they purchase.

Laws enacted in 2010 known as the “fuel tax swap” require revenue neutrality, meaning motorists pay no more or less state tax on gasoline purchases than they would have prior to the swap. The new laws lowered the sales tax on gasoline to 2.25 percent and raised the excise tax by an amount projected to equal the sales tax that otherwise would have been collected under the old tax structure.

Every 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 former tax system.

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The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects \$56 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. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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