



State Board of Equalization

News Release

Vice Chair Michelle Steel

3rd District – Orange County

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BOE to Consider Implementation of Tax Exemption for Manufacturing and Research and Development

Sacramento –The California State Board of Equalization (BOE) will consider the next step in providing guidance for businesses to understand which businesses and what types of purchases and uses of manufacturing and research and development equipment qualify for a 4.1875 percent partial tax exemption during its meeting in Sacramento on April 22, 2014.

“After years of tax increases and shrinking manufacturing industry employment, I believe that this partial sales and use tax exemption will encourage job creation and economic growth in California,” said BOE Vice Chair Michelle Steel.

The sales and use tax exemption, which takes effect July 1, 2014, represents the largest component of the Governor’s Economic Development Initiative. The Board will vote on whether to authorize publication of proposed Regulation 1525.4.

The BOE has met with and received input from stakeholders throughout California. This collaborative process has resulted in BOE staff’s proposed regulation, as well as alternate language provided by various stakeholders for specific sections of the regulation. The Board will decide whether to publish the staff’s recommendation as presented or to include some or all of the alternative language. Businesses will also have the opportunity to submit comments on the published proposal, and to weigh in during a public hearing to be held later in the year.

In addition, the Board will consider adopting amendments for two existing regulations. One clarifies that Lemon Law protections which apply to purchases of defective vehicles also apply to leases. The other amendment specifies that certain businesses may be entitled to relief of tax liabilities if they relied on advice given to a related business in the course of a BOE audit of the related business.

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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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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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