



**For Immediate Release  
June 26, 2014**

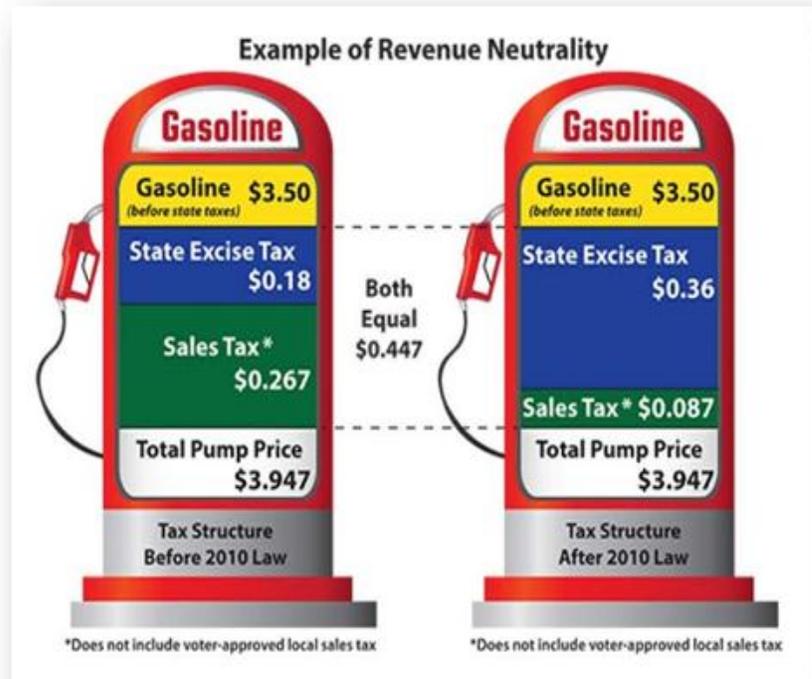
**Contact: Francis Taylor  
1-310-297-5201**

## **Lower Excise Tax Rate on Gasoline Starts July 1**

**Sacramento** – With the Fourth of July holiday on its way and summertime road trips on the minds of many California drivers, the California State Board of Equalization (BOE) announced today that starting July 1, 2014, the excise tax rate on gasoline will go down to \$0.36 per gallon.

The new rate of \$0.36 – down from \$0.395 – was reached after the Board voted unanimously at its February 2014 meeting to lower the rate for the 2014-2015 fiscal year, which ends June 30, 2015.

While Californians will be paying less in state excise tax at the pump starting July 1, that doesn't necessarily mean it will translate into lower gasoline prices. Other factors, such as world crude oil prices, also affect California's gasoline prices.



“I wish we could lower the excise tax rate on gasoline even more, and that it would result in a corresponding decrease in gas prices,” said BOE Chairman Jerome E. Horton. “But the adjustments, authorized by the Legislature and administered by the Board of Equalization, are mandated to be revenue neutral, and historically has shown little impact on the overall price consumers pay at the pump.”

The adjustment of the excise tax on gasoline stems from laws enacted in 2010 known as the “fuel tax swap” ([AB x8 6](#) and [SB 70](#)). The swap requires revenue neutrality, meaning motorists pay no more or less state tax on gasoline purchases than they would have paid 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 (see graphic at above for example and watch this video [www.boe.ca.gov/taxprograms/excise\\_gas\\_tax.htm](http://www.boe.ca.gov/taxprograms/excise_gas_tax.htm)).

The excise tax rate – set by March 1 of each year for the coming fiscal year – is based on estimates of projected price and gallons to be purchased provided by the Department of Finance and IHS Global Insight, an internationally-recognized firm that provides economic and financial data.

\* \* \* \*

Elected in 2010, Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization’s Legislative Committee Chairman. He is the first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The Board of Equalization collects more than \$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](http://www.taxes.ca.gov).

###