

For Immediate Release
October 19, 2007

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BOARD OF EQUALIZATION TO SET PREPAYMENT RATES FOR CALIFORNIA SALES TAX ON MOTOR VEHICLE FUEL, DIESEL FUEL AND JET FUEL FOR 2008

The State Board of Equalization (BOE) on October 24 at its Board meeting in Sacramento will set the rate of prepayment of the California sales tax on motor vehicle, diesel, and jet fuel distribution for the period of April 1, 2008 through March 31, 2009. Prepayments assist the BOE with timely collection of sales tax on motor fuels.

The motor vehicle distribution sales tax will be set at \$0.165 per gallon. This is a decrease of one-half cent from the current rate of \$0.17 per gallon for motor vehicle fuel.

The BOE will also set the rate of prepayment of sales tax on diesel fuel at \$0.155 per gallon for diesel fuel, a decrease of one-half cent from the current rate of \$0.16 per gallon for diesel fuel.

The BOE will also set the rate of prepayment of sales tax on jet fuel distributions at \$0.125 per gallon, no change from the current rate of \$0.125 per gallon for jet fuel.

The statutory deadline requires the BOE to determine annually by November 1 the rate at which sales tax on motor vehicle fuel, sales tax on diesel fuel and sales tax on jet fuel are to be collected at the time such fuel is first distributed in California during the twelve month period beginning April 1.

The estimated prepayment amounts for the period April 1, 2006 through March 31, 2007 for gasoline is \$2.3 billion and for diesel is \$436 million. For this period the prepayment rate was \$0.145 per gallon for both fuels. This estimate does not include jet fuel because most jet fuel sold in California is not subject to the jet fuel tax.

The method by which the rate is to be calculated annually is specified in the California Revenue and Taxation Code sections 6480 and 6480.1, which require the BOE to collect sales or use tax prepayments any time the motor vehicle fuel tax is imposed.

The five-member Board of Equalization is a publicly elected tax board. The BOE collects nearly \$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 plays a significant role in the assessment and administration of property taxes.

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