

**For Immediate Release**  
**February 25, 2009**

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## **Statewide Sales and Use Tax Rate will Increase 1% on April 1** *In Addition, Several New Local District Tax Rates Take Effect*

The California State Board of Equalization (BOE) today offered retailers information about the 1% sales and use tax rate increase that takes effect April 1, 2009 as a provision of the newly signed budget agreement. There are also a number of voter-approved new local district sales and use tax increases – designed to provide revenue for local purposes – that will take effect April 1, 2009.

Sales and use tax rates in California beginning April 1 will range from 8.25 % to 10.25%.

The provisions of the 1% statewide sales and use tax increase take effect April 1 and sunset on either July 1, 2011, or July 1, 2012, the latter if voters approve the proposed Proposition 1A, the Budget Stabilization Act, in a statewide election to be held May 19, 2009. The BOE estimates that the 1% increase will generate \$1.187 billion in new General Fund revenue for the remainder of the 2008-09 fiscal year and \$4.632 billion in 2009-10.

The information provided by BOE clarifies for retailers how the tax should be collected and remitted. The 1% increase will be allocated to the state portion of the tax rate. The combined 8.25% state, county and local sales and use tax rate will be broken down as follows: State 7.25%, and local 1.00%. A Special Notice, *Sales and Use Tax Rate Increases on April 1, 2009*, that is being mailed to nearly 850,000 California retailers and out of state businesses with transactions in California can be found on the BOE website at: <http://www.boe.ca.gov/news/pdf/1212b.pdf>

The new district tax increases, approved by voters locally, will fund local programs.

<b>Tax Area</b>	<b>Increase</b>	<b>New Rate</b>
County of Amador	0.50%	8.75%
City of El Monte	0.50%	9.75%
City of Pico Rivera	1.0%	10.25%
City of Arcata	0.75%	9.00%
City of Trinidad	0.75%	9.00%
City of Eureka	0.25%	8.50%
City of Arvin	1.00%	9.25%
City of La Habra	0.50%	9.25%
City of Galt	0.50%	9.25%
City of El Cajon	0.50%	9.75%
City of La Mesa	0.75%	9.50%
City of Campbell	0.25%	9.50%
Sonoma/Marin Area		
Rail Transit	0.25%	9.00%
City of Oxnard	0.50%	8.75%
City of Port Hueneme	0.50%	8.75%
City of Scotts Valley*	0.25%	9.25%

\*The City of Scotts Valley has a partial reduction from 0.50% to 0.25%.

While the 1% statewide rate will be generally applied to all taxable transactions in California, retailers need to apply the new local district tax rates if they:

- Operate within the taxing area (the city with the new tax rate) and have merchandise sold and delivered within the area.
- Operate outside of the taxing area but are engaged in business within the area and sell merchandise for use in the area.
- Are engaged in business in the area. Retailers are considered to be engaged in business in the area if they:
  - Have a business location in the tax area.
  - Deliver into the tax area using their vehicles.
  - Have an agent or representative in the area to make sales, deliveries, install, or take orders.
- Sell autos, boats, or aircraft to customers that register them within the taxing area.
- Collect tax on lease payments from property used in the taxing area.

If a retailer is not required to collect the additional local district tax as described above, the purchaser may be liable for that tax. The purchaser may be responsible for reporting tax to the BOE, depending on the circumstances of the sale or use of the property. A statewide list of all local sales and use tax rates can be found at [www.boe.ca.gov/sutax/localdist.htm](http://www.boe.ca.gov/sutax/localdist.htm).

The five-member California State Board of Equalization is a publicly elected tax board. The BOE collects more than \$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 serves a significant role in the assessment and administration of property taxes.

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