



Special Notice

CALIFORNIA
STATE BOARD
OF EQUALIZATION

New Tax Rates Take Effect July 1, 2004

Increases for Alameda County and the Cities of Santa Cruz, Davis, and Visalia

450 N Street
Sacramento
California 95814

Alameda County: 8.75 %

Voters have approved a 0.50% Alameda County Essential Health Care Services Transactions and Use Tax, which will increase the tax rate within the county from 8.25% to 8.75%.

City of Santa Cruz: 8.25%

Voters have approved a 0.25% City of Santa Cruz General Revenue Transactions and Use Tax, which will increase the tax rate within the city limits from 8.00% to 8.25%.

Note: Santa Cruz is located in Santa Cruz County. The tax rate in the areas of the county outside the city of Santa Cruz will remain at 8.00%.

City of Davis: 7.75%

Voters have approved a 0.50% City of Davis General Revenue Transactions and Use Tax, which will increase the tax rate within the city limits from 7.25% to 7.75%.

Note: Davis is located in Yolo County. The tax rate in the areas of the county outside the city of Davis (and the cities of West Sacramento and Woodland, which also have a 7.75% tax rate) will remain at 7.25%.

City of Visalia: 7.50%

Voters have approved a 0.25% City of Visalia Public Safety Transactions and Use Tax, which will increase the tax rate within the city limits from 7.25% to 7.50%.

Note: Visalia is located in Tulare County. The tax rate in the areas of the county outside the city of Visalia will remain at 7.25%.

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Which retailers must collect tax at the new rates?

You must apply the new sales and use tax rates for the above county or cities if you

- Are a retailer in the above county or cities and your merchandise is sold and delivered within the county or cities.
- Are a retailer located outside the county or cities who is engaged in business there and you sell merchandise for use in the county or cities. You are considered to be engaged in business in the county or cities if you (1) have any type of business location there, (2) deliver into the county or cities using your own vehicles, or (3) have an agent or representative in the county or cities for the purpose of taking orders, selling, delivering, installing, or assembling.
- Are a dealer of vehicles, vessels, or aircraft and sell those items to customers who register them to an address located in the county or cities.
- Collect tax on lease payments you receive for leased property used by the lessee in the county or cities.

If you are not required to collect the additional district tax, as described above, the purchaser is liable for that tax.

New Tax Rates Take Effect July 1, 2004 *(continued)*

Is there an exemption from the tax rate increase?

In general, fixed-price contracts and fixed-price lease agreements entered into prior to July 1, 2004, are subject to the tax rates in effect at the time you and your customer entered into the contract. To qualify as "fixed-price," neither party can have the unconditional right to adjust the price for an increase in costs or terminate the contract or lease [Revenue and Taxation Code sections 7261(g) or 7262 (f)]. In addition, the tax amount or rate must be specifically stated in the contract or lease agreement. If the contract or lease qualifies as fixed-price, you should continue to report and remit the specified tax rate—that is, the rate in effect at the time you entered into the contract.

Decrease in Sales and Use Tax Rate in Mariposa County

Mariposa County: 7.25%

On July 1, 2004, the sales and use tax rate in Mariposa County will decrease from 7.75% to 7.25%. This decrease is the result of the expiration of the 0.50% Mariposa County Healthcare Authority (MCHA) transactions (sales) and use tax, which expires at midnight on June 30, 2004. If you collect MCHA sales tax or use tax after June 30, 2004, you must return the amount of tax to your customers or forward it to the state.

What if I have a Mariposa contract which specifies a higher tax rate?

For sales made (property delivered) in Mariposa County on or before June 30, 2004, or for lease payments received on or before that date, the higher rate will generally apply. However, if your sale occurs or lease payments are received on or after July 1, 2004, the 7.25% tax rate will apply.

Rate Charts Available

For your convenience, 7.25%, 7.50%, 7.75%, 8.25%, and 8.75% rate charts are available for sales up to \$100 (forms BOE-180-7.25%, BOE-180-7.50%, BOE-180-7.75%, BOE-180-8.25%, and BOE-180-8.75%). To obtain copies of any of these tax rate charts, please go online to www.boe.ca.gov or call our Information Center.

For More Information

If you have questions regarding this notice, please call our Information Center at 800-400-7115. Staff are available from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding state holidays.