



# Special Notice

## New Tax Rates to Take Effect on April 1, 2006

Voters in districts throughout California have approved new transactions and use taxes in their area. Please read the below information to see if you are affected by these new taxes.

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**Board website and  
Member contact  
information:**  
[www.boe.ca.gov](http://www.boe.ca.gov)

**Taxpayers' Rights  
Advocate:** 888-324-2798

DISTRICT TAX RATE	COUNTY	NEW DISTRICT TAX RATE	COUNTY TAX RATE	TOTAL TAX RATE APRIL 1, 2006
City of San Rafael Transactions and Use Tax*	Marin	0.50%	7.75%	8.25%
City of Merced Transactions and Use Tax*	Merced	0.50%	7.25%	7.75%
City of Salinas Transactions and Use Tax*	Monterey	0.50%	7.25%	7.75%
City of Scotts Valley Transactions and Use Tax*	Santa Cruz	0.50%	8.00%	8.50%
City of Dinuba Police & Fire Transactions and Use Tax*	Tulare	0.75%	7.25%	8.00%
City of Porterville Public Safety Transactions and Use Tax*	Tulare	0.50%	7.25%	7.75%
City of Tulare Transactions and Use Tax*	Tulare	0.50%	7.25%	7.75%
Santa Clara Valley Transportation Authority**	Santa Clara	0.50%	8.25%	8.25%

\* The tax rate in the areas of the county outside this city will remain at the county tax rate.

\*\* Voters in Santa Clara County approved replacement of the Santa Clara County Transactions and Use Tax. The rate in Santa Clara County remains at 8.25%.

Additionally, the City of Calexico Heffernan Memorial Hospital District Tax will expire effective midnight March 31, 2006. This reduces the tax rate in Calexico from 8.25% to 7.75%. The tax rate in Imperial County remains at 7.75%.

### Which retailers must collect tax at the new rate?

You must apply the new sales and use tax rate if you

- Are a retailer in the district and your merchandise is sold and delivered within the district.
- Are a retailer located outside of the district who is engaged in business in the district and you sell merchandise for use in the district. You are considered to be engaged in business in the district if you (1) have any type of business location there, (2) deliver into the district using your own vehicles, or (3) have an agent or representative in the district 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 at an address located in the district.
- Collect tax on lease payments you receive for leased property used by the lessee in the district. Note: If you are not required to collect the additional district tax, as described above, the purchaser is liable for the tax.

**Is there an exemption from the tax rate increase?**

In general, fixed-price contracts and fixed-price lease agreements entered into prior to April 1, 2006, 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.

The fixed-price contract exemption, however, is designed to protect the business expectations of the parties when they entered into the contract and protect them from an unplanned increase in tax rate. If the tax rate should go down after the terms of your contract have been established, any sales made after the date of the tax decrease would be taxed at the new, lower rate.

**Is your address in the city limits or unincorporated county?**

District boundaries are generally defined by city and county lines. Many California zip codes overlap city and county lines. To determine what district taxes your address is affected by, contact your local city or county government, or visit the links on the following page of the Board's Internet website: [www.boe.ca.gov/pdf/districtatelist.pdf](http://www.boe.ca.gov/pdf/districtatelist.pdf) (the list of participating cities is not all-inclusive).

**Rate charts available**

For your convenience, tax rate charts are available for sales up to \$100 (form BOE-180, *Sales Tax Reimbursement Schedules*). If you would like to order a copy of any of these rate charts, please check online at [www.boe.ca.gov](http://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. Pacific time, Monday through Friday, excluding state holidays.

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