



# Special Notice

CALIFORNIA STATE BOARD  
OF EQUALIZATION  
450 N STREET  
SACRAMENTO, CA 95814

## Local and State “Triple Flip” Tax Swap Expires on December 31, 2015

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[www.boe.ca.gov](http://www.boe.ca.gov)

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711

Beginning January 1, 2016, local agencies will receive their one percent (1%) Bradley-Burns local sales and use tax for sales and purchases within their jurisdictions. Warrants and statements issued to the local agencies will reflect these changes beginning March 2016. No action is required on the part of the local government agency.

### Background

In March 2004, voters approved Proposition 57, the Economic Recovery Bond Act (ERBA), also known as the “Triple Flip.” This act became operative July 1, 2004, and allowed the state to purchase bonds to reduce the budget deficit. A quarter percent (0.25%) state sales tax was imposed to repay the bonds. To keep the overall sales tax rate constant, the state reduced the Bradley-Burns local tax rate by a corresponding quarter percent (0.25%). Jurisdictions were reimbursed by the County Auditor in each county with property tax revenues. The State Director of Finance confirmed the payoff of the bonds was completed. Therefore, the provisions of the ERBA will expire on December 31, 2015.

### Warrants Will Show an Adjustment for the Unwinding of the “Triple Flip”

The fourth quarter 2015 allocation period will reflect the last “triple flip” quarter percent reduction from the one percent (1%) Bradley-Burns local tax. The change will start with the first advance issued for first quarter 2016 (covering January 1 through March 31). The first advance in conjunction with the balance payable for the fourth quarter 2015 will be issued approximately March 25, 2016. The first advance will be at the full one percent (1%) local tax while the balance remaining from the fourth quarter 2015 will still reflect the quarter percent reduction.

### Monthly and Quarterly Statements

Beginning in June 2016, your monthly and quarterly statements will reflect these changes:

- The deduction of 0.25% state tax will no longer appear on your statement.
- The quarterly statements will continue to show the total due to your jurisdiction at the 1% local sales and use tax rate less any sharing amounts you have with the county.
- The quarterly statements will no longer make reference to section 7203.1 of the Revenue and Taxation Code.

The 0.25% of the Bradley-Burns local tax, which is paid to the County Transportation fund shall continue to be separately stated. Statements are on the BOE’s website at <https://efile.boe.ca.gov/boewebservices/localJur.jsp>, and on the deposit advice mailed to your jurisdiction.

### Ordinances and Contracts

Local jurisdictions are not required to amend an existing “Contract for Administration” or to adopt new ordinances. For more information, please contact the Local Revenue Allocation Unit at 1-916-324-3000.

**SUMMARY OF TAX RATE STRUCTURE CHANGES**

	<u>Prior to Triple Flip Sunset</u>	<u>After Triple Flip Sunset</u>
State-General Fund	3.6875%	3.6875%
State-General Fund	0.25%	0.25%
State-Fiscal Recovery Fund	0.25%	Expired
State-Local Public Safety Fund	0.50%	0.50%
State-Education Protection Account	0.25%	0.25%
State-Local Revenue Fund (1991 Realignment)	0.50%	0.50%
State-Local Revenue Fund (2011)	1.0625%	1.0625%
Bradley-Burns County Transportation Fund	0.25%	0.25%
Bradley-Burns Local-City or County Operations	0.75%	1.00%
Total Statewide Base Sales and Use Tax Rate	7.50%	7.50%