



Special Notice

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

Combined District Tax Rate Cap is Two Percent (2.00%)

BOARD MEMBERS

SEN. GEORGE RUNNER (RET.)
First District
Lancaster

FIONA MA, CPA
Second District
San Francisco

JEROME E. HORTON
Third District
Los Angeles County

DIANE L. HARKEY
Fourth District
Orange County

BETTY T. YEE
State Controller

—

EXECUTIVE DIRECTOR
DAVID J. GAU

BOE WEBSITE AND
BOARD MEMBER CONTACT
INFORMATION
www.boe.ca.gov

CUSTOMER SERVICE CENTER
1-800-400-7115

TTY
711

Currently, California's statewide sales and use tax rate is 7.50%. Additionally, cities, counties, and special purpose entities (like transportation authorities) may impose district taxes. The Board of Equalization (BOE) would like to remind all such jurisdictions that the combined rate of all district taxes imposed within any jurisdiction cannot exceed 2.00% unless specifically authorized by statute.

The BOE cannot administer a district tax that causes the combined rate in any part of a jurisdiction to exceed 2.00% unless the state legislature has already passed legislation authorizing an exception. For instance, if a county proposes a new tax that would cause the combined district tax rate in a single city within that county to exceed 2.00%, the BOE cannot administer the new county tax.

City And Countywide Tax Measures On The Same Ballot

If both a city and countywide tax are proposed on the same ballot, which together will cause the combined tax rate in the city to exceed 2.00%, the BOE will be unable to administer the new taxes and would seek an opinion from the Office of the Attorney General to determine which tax to implement.

The BOE therefore strongly encourages cities, counties, and special purpose entities not to propose new taxes that, in combination, would exceed the 2.00% cap or to work together to obtain statutory approval *before* such measures are placed on the ballot. In the event two jurisdictions do propose such competing taxes, the BOE also encourages the affected jurisdictions to request an opinion from the Office of the Attorney General prior to their approval to avoid unnecessary delay in implementation.

Statewide Rate Set To Decrease By 0.25%

The additional 0.25% statewide sales and use tax rate that was passed by voters in 2012 is set to expire on December 31, 2016, resulting in a decrease of the statewide sales and use tax rate from 7.50% to 7.25%. The decrease in the statewide sales and use tax rate will not affect the 2.00% cap for combined district taxes imposed in any jurisdiction.

Where Can I Obtain More Information?

For more information, see the BOE webpage *Guidance for Prospective Special Taxing Jurisdictions* at www.boe.ca.gov/sutax/newloctax.htm. You may also call the Local Revenue Branch at 1-916-324-3000 or email raadjuri@boe.ca.gov.