



For Immediate Release
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Statewide Sales and Use Tax Rate Increases January 1, 2013 Four Year Tax Hike Will Disproportionately Affect Lower Income Californians

Sacramento – Board of Equalization Vice Chair Michelle Steel reminds taxpayers and retailers that the statewide sales and use tax rate will increase one quarter of one percent (0.25%) from 7.25 percent to 7.50 percent on January 1, 2013. This rate increase was approved by California voters when they approved Proposition 30 on November 6, 2012.

Among other things, Proposition 30 increases the statewide sales and use tax rate for four years—January 1, 2013, through December 31, 2016.

“Beginning January 1, we will all pay more for taxable purchases made in local stores or by Internet and mail order,” said Steel.

Steel added, “According to the latest BOE *Economic Perspective* newsletter, lower income Californians on average spend more on taxable sales as a proportion of their income than do higher earners, meaning that this tax increase will disproportionately hit low-income Californians.”

This latest data builds on earlier information in the *Economic Perspective* for August 2010, which found that “percentages of incomes spent on California-taxable items ranges from a high of 82.1 percent for the lowest-income quintile to a low of 22.6 percent for the highest-income quintile.”

Across California, the sales and use tax rate will range from 7.50 percent to 10.00 percent because in some cities and counties, voter-

DETAILED DESCRIPTION OF THE SALES & USE TAX RATE

Rate	Jurisdiction	Purpose
3.6875%	State	State's General Fund
0.25%	State	State's General Fund
0.25%	State	State's Fiscal Recovery Fund (2004 Economic Recovery Bonds)
0.50%	State	Goes to Local Public Safety Fund (1993)
0.50%	State	Local Revenue Fund (Health and Social Services)
1.0625	State	Local Revenue Fund 2011 (Public Safety)
0.25%	State	Education Protection Account (2012 Proposition 30)
1.00%	Local	0.25% County transportation funds 0.75% City or county operations
7.50%	State/Local	Total Statewide Base Sales and Use Tax Rate on January 1, 2013

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approved district taxes are added to the statewide base rate.

California sales tax generally applies to retail sales of goods and merchandise except those sales specifically exempted by law.

“Use Tax” is the same rate as the sales tax and generally applies to the storage, use, or other consumption of taxable goods in California for which sales tax was not collected by the retailer. Use tax may also apply to purchases shipped to California consumers from other states, including purchases by mail order, telephone, or Internet.

The sales and use tax rate increase does not apply to purchases of gasoline. However, the sales and use tax rate increase does apply to purchases of diesel fuel.

For updates on the latest changes, retailers should check the BOE website, www.boe.ca.gov, or call the BOE Taxpayer Information Section at 1-800-400-7115 (TTY: 711), Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific Time).

For more details:

- [Media Resources: Proposition 30 Sales and Use Tax Rate Increase January 1, 2013](#)
- [California City & County Sales & Use Tax Rates \(effective January 1, 2013\)](#)
- [Proposition 30 \(Secretary of State\)](#)

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Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$53.7 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. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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