



State Board of Equalization

News Release

Vice Chair Michelle Steel

3rd District – Orange County

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www.boe.ca.gov

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Lower Excise Tax Rate on Gasoline Starts July 1

Sacramento – With the Fourth of July holiday on its way and summertime road trips on the minds of many California drivers, the California State Board of Equalization (BOE) announced today that starting July 1, 2014, the excise tax rate on gasoline will go down to \$0.36 per gallon.

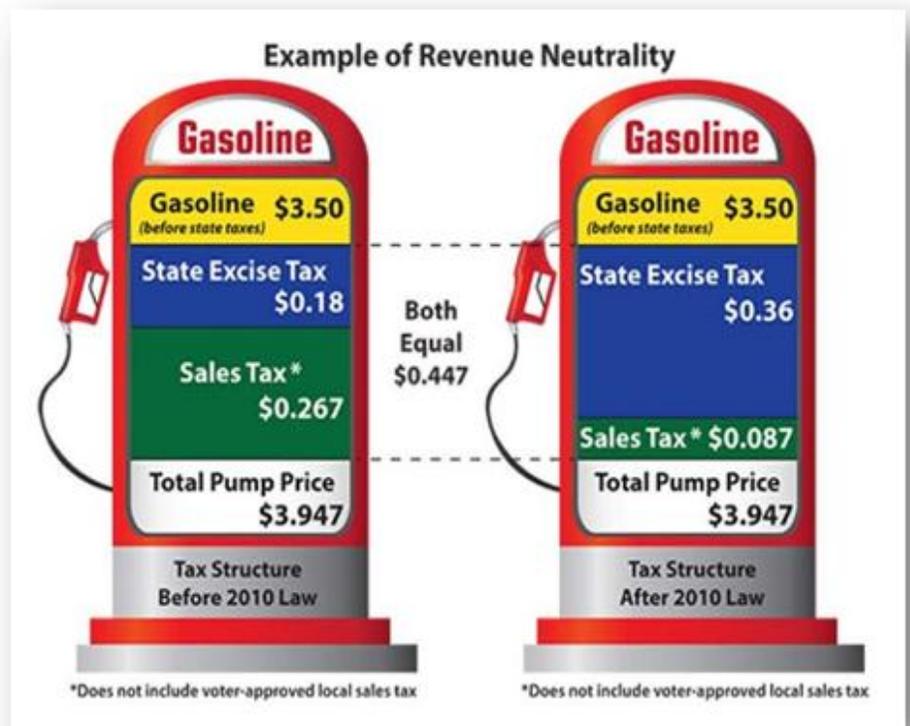
“Today we have some good news for California taxpayers,” said BOE Vice Chair Michelle Steel. “Because of this adjustment, all Californians will benefit from a little less pain at the pump.”

“Still, I urge the Legislature to eliminate this unjust scheme, known as the ‘fuel tax swap,’ which requires the BOE to adjust gas tax rates each year based on a guessing game.”

The new rate of \$0.36 – down from \$0.395 – was reached after the Board voted unanimously at its February 2014 meeting to lower the rate for the 2014-2015 fiscal year, which ends June 30, 2015.

While Californians will be paying less in state excise tax at the pump starting July 1, that doesn’t necessarily mean it will translate into lower gasoline prices. Other factors, such as world crude oil prices, also affect California’s gasoline prices.

The adjustment of the excise tax on gasoline stems from laws enacted in 2010 known as the “fuel tax swap” (AB x8 6 and SB 70). The swap requires revenue neutrality, meaning motorists pay no more or less state tax on gasoline purchases than they would have paid prior to the swap. The new laws lowered the sales tax on gasoline to 2.25 percent and raised the excise tax by an amount projected to equal the sales tax that otherwise would have been collected under the old tax structure (see graphic at right for example and watch this video



www.boe.ca.gov/taxprograms/excise_gas_tax.htm).

The excise tax rate – set by March 1 of each year for the coming fiscal year – is based on estimates of projected price and gallons to be purchased provided by the Department of Finance and IHS Global Insight, an internationally-recognized firm that provides economic and financial data.

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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 \$56 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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