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## CALIFORNIA'S SALES, USE, AND TRANSACTIONS TAXES

### SALES AND USE TAX

California's statewide sales and use tax rate of 7.25% is distributed as follows:

State general fund	5.25%
Incorporated/unincorporated areas (Bradley Burns)	0.75%
County wide transportation fund (Bradley Burns)	0.25%
County mental health/welfare obligations	0.50%
Public safety augmentation fund (Prop. 172)	0.50%
Total	<u>7.25%</u>

The Bradley Burns Uniform Sales and Use Tax Law provides for a city/county rate of 1 1/4%. One-quarter cent of the levy is sent to the countywide regional transportation fund. The balance goes to support local government general funds.

Effective July 1, 2004, 1/4 of the one percent local sales and use tax was confiscated to guarantee state deficit bonds approved by Proposition 57. The withheld funds are backfilled from county property taxes each January and May per the state's "triple flip" borrowing plan.

Sales tax from the Bradley Burns levy is allocated back to the jurisdiction where the sale was negotiated or order taken. An alternate "use tax" is levied if the retailer fails to collect the tax or if tracking the "point of sale" is impractical. Use tax is collected primarily on contractor installation sales, lease payments, private vehicle transactions and out-of-state purchases. It is divided among jurisdictions in the county to where the merchandise is shipped or used, based on each jurisdiction's pro rata share of quarterly taxable sales.

The mental health/welfare allocation was shifted from the state general fund to counties in 1991 as part of a realignment of responsibilities for certain health and welfare services. It is allocated first by population then by a caseload factor.

The 0.5% Public Safety Tax was approved by the voters in 1993 to permanently extend a temporary state tax that had been enacted to offset the state's fiscal crisis. The state controller forwards the revenue to each county on the basis of that county's share of statewide taxable sales. The county auditor then distributes to its local agencies via a formula based on the amount of property tax lost to previous state expropriations by ERAF (Educational Revenue Augmentation Funding). Revenues can only be used for specified public safety purposes.

### TRANSACTION TAXES

In many jurisdictions, additional sales and use taxes referred to as "transaction taxes" have been authorized in .25% increments for special districts and authorities. More than one transaction tax may be imposed although the total in any jurisdiction may not exceed 2% for a total rate of 9.25%.

There are currently 61 districts in 34 counties. Countywide districts have been established to finance transit and transportation, public works, open space, healthcare, flood control, libraries and earthquake recovery. Voters in some cities have also approved creation of in-city districts. These include: Clearlake, Clovis, Visalia, Placerville, El Cajon, Stockton, Merced, Los Banos, Santa Rosa, Sonora and Fort Bragg, public safety; Calexico and Avalon, hospital; Truckee and Willits, road repairs; Woodland, capital improvements; and Santa Cruz, Davis, West Sacramento, South Lake Tahoe, Farmersville, Lakeport, San Juan Bautista, Montclair, Sand City, and Sebastopol, general purposes.

The courts have previously invalidated districts in San Diego, Fresno and Monterey Counties on the grounds that they violated Proposition 13's requirement that "special taxes" be approved by two-thirds votes. However, a 1998 court decision found that a Santa Clara County District which specified that revenue could be spent for general county purposes required only a majority vote despite the passage of a related advisory measure stating the voter's intent that the revenues be spent on specific projects (Coleman vs. County of Santa Clara (64 Cal.App. 4th 662)).

Transaction taxes are generally allocated to the district of use rather than to the "point-of-sale". Retailers of vehicles, licensed aircraft, and vessels are required to collect the tax for the district where the conveyance is registered and, if a sale involves a contract that requires shipment of the merchandise, the tax is collected for the district to where the merchandise is shipped.

Total rates for counties and cities that have transaction taxes are listed below.

<b>Alameda County</b>	8.75%	City of Fort Bragg	7.75%	City of Stockton	8.00%
<b>Contra Costa County</b>	8.25%	City of Point Arena	7.75%	<b>San Mateo County</b>	8.25%
City of Richmond	8.75%	City of Willits	7.75%	<b>Santa Barbara County</b>	7.75%
<b>El Dorado County</b>	7.25%	<b>Merced County</b>	7.25%	<b>Santa Clara County</b>	8.25%
City of Placerville	7.50%	City of Los Banos	7.75%	<b>Santa Cruz County</b>	8.00%
South Lake Tahoe	7.75%	<b>Monterey County</b>	7.25%	City of Santa Cruz	8.25%
<b>Fresno County</b>	7.975%	Sand City	7.75%	City of Capitola	8.25%
City of Clovis	8.275%	<b>Napa County</b>	7.75%	<b>Solano County</b>	7.375%
<b>Humboldt County</b>	7.25%	<b>Nevada County</b>	7.375%	<b>Sonoma County</b>	7.75%
City of Trinidad	8.25%	Town of Truckee	7.875%	City of Santa Rosa	8.00%
<b>Imperial County</b>	7.75%	<b>Orange County</b>	7.75%	City of Sebastopol	8.00%
City of Calexico	8.25%	<b>Riverside County</b>	7.75%	<b>Stanislaus County</b>	7.375%
<b>Inyo County</b>	7.75%	<b>Sacramento County</b>	7.75%	<b>Tulare County</b>	7.25%
<b>Lake County</b>	7.25%	<b>San Benito County</b>	7.25%	Farmersville	7.75%
City of Clearlake	7.75%	San Juan Bautista	8.00%	City of Visalia	7.50%
City of Lakeport	7.75%	<b>San Bernardino County</b>	7.75%	<b>Tuolumne County</b>	7.25%
<b>Los Angeles County</b>	8.25%	City of Montclair	8.00%	City of Sonora	7.75%
City of Avalon	8.75%	<b>San Diego County</b>	7.75%	<b>Yolo County</b>	7.25%
<b>Madera County</b>	7.75%	City of El Cajon	8.25%	City of Davis	7.75%
<b>Marin County</b>	7.75%	<b>San Francisco County</b>	8.50%	City of West Sacramento	7.75%
<b>Mendocino County</b>	7.25%	<b>San Joaquin County</b>	7.75%	City of Woodland	7.75%

## STATE ADMINISTRATIVE FEES

A fee is deducted from all local allocations to cover the State Board of Equalization's direct and indirect collection and administration costs. The fee is calculated quarterly and is currently averaging 0.81% of total local sales, use and transaction tax collections.