

State of California

Board of Equalization
Customer Service and Publishing Division

Memorandum

BOARD OF SUPERVISORS
2013 OCT 1 A 10:59

To: Recipients of the *2011-12 Annual Report*

Date: October 1, 2013

From: Linda L. Gross
Editor

Subject: ***Updated Versions -2011-12 Annual Report of the California State Board of Equalization
Publication 41, Taxes and Fees Administered by the California State Board of Equalization***

Enclosed you will find the State Board of Equalization's *2011-12 Annual Report* and publication 41, *Taxes and Fees Administered by the California State Board of Equalization 2011-12*. Both of these publications include updated information from the copies sent to you on September 18, 2013.

The report, in its entirety is located online at www.boe.ca.gov. The expanded HTML edition includes information about all BOE programs and services as well as 48 comprehensive statistical tables.

If I can be of further assistance, please contact me at 1-916-322-6322.



STATE BOARD OF EQUALIZATION
2011-2012 ANNUAL REPORT



MISSION

The mission of the State Board of Equalization is to serve the public through fair, effective, and efficient tax administration.

GOALS

The State Board of Equalization will:

- Improve the taxpayer experience
- Maximize voluntary compliance
- Invest in a skilled, motivated, and diverse workforce
- Enhance operational effectiveness

The Honorable Edmund G. Brown, Jr.
Governor of California

September 2013

Dear Governor Brown:

On behalf of the Members of the State Board of Equalization (BOE), I am pleased to submit to you our annual report for fiscal year 2011-12.

Programs administered by the BOE produced \$52.5 billion in revenue in 2011-12 and accounted for more than 30 percent of all state revenue for the fiscal year.

The BOE supports California's state and local governmental finance system by providing essential revenue for the state's cities, counties, and special tax districts. BOE-administered programs provided \$20.6 billion for local governments.

Thanks to the excellent work of our 4,495 employees and a focus on process improvement, we have continued to provide efficient and effective tax administration, in spite of the challenges related to the sluggish economy. Our total costs for all operations in 2011-12 were \$474 million—only 88 cents for every \$100 of revenue collected. Of the total cost of operations, only \$274 million came from the General Fund.

We remain dedicated to serving the people of the great State of California.

Sincerely,



Cynthia Bridges
Executive Director

Meeting Taxpayer Needs

The BOE is committed to helping all California businesses and individuals comply with the state's complex and changing tax laws. Our agency offers a full range of services tailored to the diverse needs of the state's businesses—from 24-hour electronic services to personal assistance with tax compliance questions. The BOE:

- Offers personal assistance with tax compliance questions by phone at 1-800-400-7115.
- Maintains forms, publications, regulations, tax news, meeting agendas, and special features on our updated [website](#).
- Provides several convenient electronic services such as registering for a permit, license, or account, filing a return, paying taxes or fees online, or requesting relief.
- Sponsors classes and all-day tax events with other federal, state, and local agencies.
- Presents online videos of our nonprofit educational seminars, efile instructions, and cigarette and tobacco retail sales.
- Conducts taxpayer educational consultations, providing assistance to first-year business owners.
- Provides information in 23 languages.
- Helps taxpayers get assistance on our [multilingual webpage](#).
- Assists taxpayers who have not been able to resolve a problem by normal channels through our [Taxpayers' Rights Advocate Office](#), 1-888-324-2798.

Highlights

Revenues

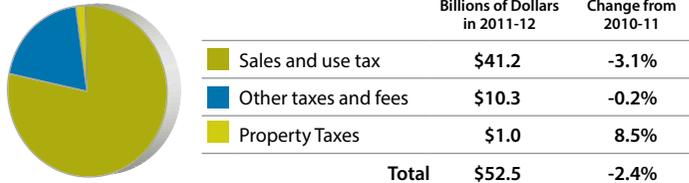
Programs administered by the BOE produced \$52.5 billion in revenue in 2011-12.

Sales and use tax revenue collected by the BOE generated \$41.2 billion. Of that total, \$1.3 billion was allocated to the Fiscal Recovery Fund and \$20.6 billion was provided to local governments.

Total BOE Revenues Decrease

Fiscal year 2011-12 revenues totaled \$52.5 billion, 2.4 percent lower than the \$53.7 billion collected in 2010-11. Sales and use tax receipts, which totaled \$42.5 billion in 2010-11, fell to \$41.2 billion, a decrease of 3.1 percent.

2011-12 BOE Revenues*



*Detail may not add to total due to rounding.

Program Revenues

Property Taxes

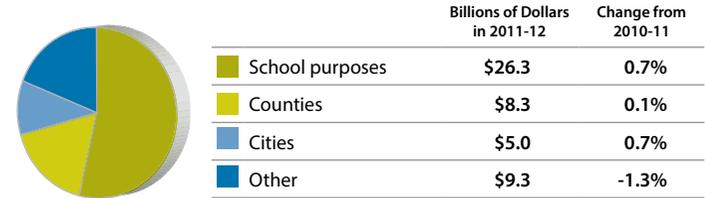
California property tax levies for fiscal year 2011-12 totaled \$49.0 billion, a \$100 million increase of 0.2 percent from the previous year's total of \$48.9 billion. County-assessed property values rose \$59.7 billion during 2011-12 to reach \$4.4 trillion for the 2012-13 tax year.

According to law, the BOE set the values of state-assessed properties, primarily privately owned public utilities and railroads, at \$87.2 billion for the 2012-13 roll. This was a \$1.9 billion increase from 2011-12 values.

State-assessed properties produced an estimated \$947 million in local property tax revenues for the state's 58 counties in 2011-12.

2011-12 General Property Tax Revenues*

How each dollar is spent



*Detail may not add to total due to rounding.

Private Railroad Car Tax

Private railcar owners pay the private railroad car tax on railcars operated in California. For 2012-13, the Board-adopted assessed value for private railroad cars totaled \$720 million. The total assessed value reflects the application of an 81.71 percent assessment ratio as required by the Federal Railroad Revitalization and Regulatory Reform Act. The estimated private railroad car tax revenue for the state's 2012-13 General Fund was \$8.0 million.

Timber Yield Tax

Timber owners pay the 2.9 percent timber yield tax based on the immediate harvest value of trees harvested for wood products. Revenues are returned to the counties where the timber was harvested. Calendar year 2011 revenues totaled \$7.0 million.

Timber harvest volume increased from the 1.2 billion board feet in 2010 to 1.3 billion board feet in 2011. The total value of the year's harvest increased to \$272.5 million. The number of registered timber owners decreased from 1,541 active program registrants at the end of June 2011 to 1,451 active program registrants as of June 30, 2012. Thirty timber owners paid approximately 87 percent of the tax collected in 2011.

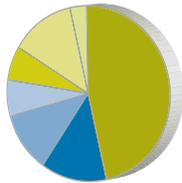
Sales and Use Taxes

California sales and use tax revenue totaled \$41.2 billion in 2011-12, a decrease of 3.1 percent from the \$42.5 billion total in 2010-11. Sales and use tax revenue included:

- \$31.3* billion from the state sales tax, with:
 - \$19.2 billion allocated to the state's General Fund.
 - \$2.7 billion allocated to the state's Local Revenue Fund; tax rate of 0.50 percent.
 - \$2.7 billion allocated to the Local Public Safety Fund; tax rate of 0.50 percent.
 - \$1.3 billion allocated to the state's Fiscal Recovery Fund; tax rate of 0.25 percent.
 - \$5.2 billion from the Local Revenue Fund 2011; tax rate 1.0625 percent.
- \$5.3 billion from the 1.00 percent Bradley-Burns Uniform Local Sales and Use Tax, allocated among all of the state's 58 counties and 480 cities.
- \$4.6 billion in special district transactions (sales) and use tax; rates vary by district.

*Detail may not add to total due to rounding.

2011-12 Sales and Use Tax Revenues*



	Billions of Dollars in 2011-12	2010-11	Change from 2010-11
State General	\$19.2	\$27.3	-29.5%
Bradley-Burns	\$5.3	\$4.9	8.8%
Special Districts	\$4.6	\$4.2	9.8%
Local Revenue	\$2.7	\$2.5	10.6%
Local Public Safety	\$2.7	\$2.5	10.6%
Local Revenue Fund 2011	\$5.2		N/A
Fiscal Recovery	\$1.3	\$1.2	10.6%
Total	\$41.2	\$42.5	-3.1%

*Detail may not add to total due to rounding.

Please note: The huge drop in the State General Fund is explained by the creation of the 2011 Local Revenue Fund. A total of \$5.2 billion was shifted from the State General Fund to this fund. The fuel tax swaps (gas and diesel) further complicate analyses of these percentage changes.

The sales and use tax rate in a specific California location has three parts: the state tax rate, the local tax rate, and any district tax rate that may be in effect. The combined state and local tax rate is 7.25 percent (6.25 percent state tax rate and 1.0 percent current local tax rate). State sales and use taxes provide revenue to the state's General Fund, to cities and counties through specific state fund allocations, and to other local jurisdictions.

Special Taxes and Fees

In 2011-12, the BOE administered more than 20 special tax and fee programs that encompass a broad range of activities and transactions. Revenues from the insurance tax, alcoholic beverage tax, and a portion of cigarette tax receipts are allocated to the state's General Fund. Other special taxes and fees fund specific state services from highway construction to recycling programs. The BOE administers most of the special tax and fee programs in cooperation with other state agencies.

BOE-administered special tax and fee program revenues totaled \$10.3 billion in 2011-12, a decrease of 0.2 percent from 2010-11. Of the \$10.3 billion total revenue generated by special tax and fee programs, fuel taxes totaled \$5.6 billion, while alcohol and tobacco taxes totaled approximately \$1.2 billion.

2011-12 Special Taxes and Fees Revenues*

	Billions of Dollars in 2011-12	Change from 2010-11
Fuel Taxes	\$5.6	-1.6%
Alcohol and Tobacco	\$1.2	0.2%
Other Special Taxes	\$3.5	2.1%
Total	\$10.3	-0.2%

*Detail may not add to total due to rounding.

For more detailed information about any of our tax and fee programs, please see [publication 41](#), *Taxes and Fees Administered by the California State Board of Equalization*.



Betty T. Yee
First District



Sen. George Runner (Ret.)
Second District



Michelle Steel
Third District



Jerome E. Horton
Fourth District



John Chiang
State Controller

Created in 1879 by a constitutional amendment, the BOE was initially responsible for ensuring that county property tax assessment practices were equal and uniform throughout California.

The BOE began to levy four new taxes, including insurance and corporate franchise taxes in 1911, to produce revenue for services throughout the state. The BOE assumed the responsibility for administering the new sales tax in 1933, created as a result of the tremendous drop in property tax revenues caused by the Great Depression, and began collecting the new use tax in 1935. Currently, the BOE administers the state's sales and use, fuel, alcohol, tobacco, and other taxes and collects fees that fund specific state programs in addition to property taxes and fees.

At present, more than one million businesses are registered with the BOE.

To see the expanded web version of the 2011-12 Annual Report, please visit www.boe.ca.gov. The web version contains detailed information including 48 comprehensive statistical tables about the BOE and its revenue generating efforts.

STATE BOARD OF EQUALIZATION
1-800-400-7115

TAXES AND FEES ADMINISTERED* BY THE CALIFORNIA STATE BOARD OF EQUALIZATION, FY 2011-12

TAX PROGRAM	YEAR STARTED	WHAT IS TAXED	WHO PAYS: NUMBER OF REGISTRANTS AS OF JUNE 30, 2012	TAX RATE	FY 11-12 REVENUES/ CHANGE FROM FY 10-11	FUND ALLOCATION— HOW FUNDS ARE USED	
PROPERTY TAXES							
Private Railroad Car Tax	1938	Private railcars operated within California	Railcar owners: 225	1.107% of assessed value	\$8.0 million +29.7%	General Fund	
Timber Yield Tax	1977	Timber harvested for forest products	Timber owners: 1,451	2.9% of immediate harvest value	\$8.1 million +24.4%	Distributed to counties where timber was harvested	
SALES AND USE TAXES							
Sales and Use Tax	Sales tax—1933 Use tax—1935	Sales of tangible personal property; use or storage or other consumption of property when sales tax not applicable	Retailers of tangible personal property; purchasers, under certain circumstances: 1,020,012, representing 1,233,780 business locations. The above number includes 204,200 use tax registrants.	6.25% (state portion of 7.25% uniform statewide rate)	\$19.2 billion -29.5%	3.9375% General Fund effective 7-11	
					\$5.2 billion N/A	1.0625% Local Revenue Fund 2011, eff. 7/11	
					\$2.7 billion +10.6%	0.50% Local Revenue Fund	
					\$2.7 billion +10.6%	0.50% Local Public Safety Fund	
					\$1.3 billion +10.6%	0.25% Fiscal Recovery Fund	
Bradley-Burns Uniform Local Sales and Use Tax	1956	Same as Sales and Use Tax above	Same as Sales and Use Tax above	1% (local portion of uniform statewide rate indicated above)	\$5.3 billion +8.8%	0.75% County and incorporated city general funds 0.25% County transportation funds	
District Transactions and Use Tax	1970	See above; applies to transactions within special tax districts and certain shipments into them	Same as Sales and Use Tax above	0.1% to 1% per tax	\$4.6 billion +9.8%	Special tax districts—transportation, hospitals, schools, libraries, open space, other	
SPECIAL TAXES AND FEES							
Aircraft Jet Fuel Tax	1969	Sales of jet fuel to jet fuel users	Jet fuel dealers: 222	2¢ per gallon	\$2.5 million +6.3%	State Transportation Fund, Aeronautics Account—airport programs	
Alcoholic Beverage Tax	1933	Sale of alcoholic beverages	Persons manufacturing, selling, or importing alcoholic beverages: 6,931	(All rates per gallon) Distilled spirits 100 proof or lower – \$3.30 over 100 proof – \$6.60 Beer and wine – \$0.20 Champagne and sparkling wine – \$0.30	\$346.3 million +3.6%	General Fund—education, public safety, health and social services programs, resource management, other	
California Tire Fee	1991	New tires purchased from a retailer	Person purchasing new tire; paid through tire retailers, purchasers under certain circumstances: 12,483	\$1.75 per tire	\$49.0 million +2.3%	California Tire Recycling Management Fund for recycling, disposal, and reuse of used tires; Air Pollution Control Fund for mitigation of air pollution from used tires	
Childhood Lead Poisoning Prevention Fee	1993	Motor vehicle fuel; architectural coatings; lead releases into California air	The petroleum industry, the architectural coatings industry, and facilities reporting releases of lead into the air: 979	Re-established each reporting year by the Department of Public Health	\$20.1 million +1.2%	Childhood Lead Poisoning Prevention Fund—to support lead poisoning prevention program for children	
Cigarette and Tobacco Products Licensing Program	2004	The activity of selling cigarettes and tobacco products in California requires licensing of manufacturers, distributors, wholesalers, importers, and retailers of cigarette and tobacco products	Cigarette manufacturers and importers: 34; cigarette and tobacco products distributors: 548; wholesalers: 399; and retailers: 36,751. Tobacco products manufacturers and importers: 77	Sellers of cigarettes and tobacco products must be licensed. License fees depend on type(s) of product or activity	\$1.7 million -2.2%	Cigarette and Tobacco Products Compliance Fund—tobacco sales licensing, inspection, and related activities	
Cigarette and Tobacco Program	Cigarettes	1959	Cigarette distributions	Cigarette manufacturers: 29; Cigarette distributors: 89; Cigarette consumers who buy directly from out-of-state vendors: 44	87¢ per pack	\$819.1 million -1.6%	2¢ Breast Cancer Fund 10¢ General Fund 25¢ Special Fund 1—see below 50¢ Special Fund 2—see below
	Tobacco Products	1989	Distribution of tobacco products, including cigars, chewing tobacco, pipe tobacco, and snuff	Tobacco products distributors: 539; Tobacco products manufacturers and importers: 77	31.73% of the wholesale price	\$80.4 million +4.4%	Special Fund 1: 35% hospital services, 20% health education, 10% physician services, 5% research, 5% public resources, 25% not allocated Special Fund 2: Early childhood development, 20% state, 80% counties
Diesel Fuel Tax	1995	Diesel fuel, upon removal from the terminal rack, importation into the state, or sale	Suppliers of diesel fuel: 246; other accounts: 33,205	13¢ per gallon	\$367.5 million -23.0%	Highway Users Tax Account—to construct and maintain public roads and mass transit systems	
Electronic Waste Recycling Fee	2005	Certain new or refurbished televisions, computer monitors, laptop computers, and other devices (referred to as Covered Electronic Devices [CEDs])	Retailers of new or refurbished CEDs, purchasers under certain circumstances: 9,914	Fee ranges from \$6.00 to \$10.00 imposed on the retail sale to consumers depending on the viewable size of the video display, measured diagonally	\$110.3 million -2.95%	Electronic Waste and Recovery Recycling Account—to fund electronic waste recycling programs that, over time, will reduce the amount of hazardous waste in landfills	
Emergency Telephone Users Surcharge	1977	Charges for intrastate telephone communication and Voice over the Internet Protocol (VoIP) services that provide access to the 911 emergency system	Telephone users, paid through telephone service suppliers: 498	0.50% of charges for services	\$83.3 million -3.7%	State Emergency Telephone Number Account—local entities operations of the 911 emergency system	
Energy Resources Surcharge	1975	Use of electricity	Electrical energy consumers and utilities: 116	\$.00029 per kilowatt hour (twenty-nine hundredths of a mill)	\$74.2 million +30.3%	Energy Resources Programs Account—ongoing energy programs and projects	
Hazardous Substances Tax Law	Activity Fee	1989	Applications and modification requests for hazardous waste permits	Registration varies annually and is supplied by DTSC	Varies according to activity requested	\$4 million +21.1%	Hazardous Waste Control Account for regulation of hazardous waste management
	Disposal Fee	1985	Hazardous waste disposed of by depositing on, or into, land	Hazardous waste disposal facilities: 9	Rates per ton vary, depending on waste category, volume, and disposal method	\$4.6 million +2.0%	Hazardous Waste Control Account for regulation of hazardous waste management
	Environmental Fee	1989	Activity by certain types of organizations	Businesses and organizations with at least 50 employees, in industry groups that use, generate, store, or conduct activities relating to hazardous materials: 50,112	\$291 – \$13,850 per year, based on the number of workers employed in California more than 500 hours annually (effective January 1, 2012)	\$41.7 million +2.3%	Toxic Substances Control Account for cleanup of contaminated sites
	Facility Fee	1986	Storage, treatment, or disposal of hazardous waste	Hazardous waste facilities: 181	Varies according to size and type of facility	\$5.1 million +5.1%	Hazardous Waste Control Account for regulation of hazardous waste management
	Generator Fee	1986	Generation of hazardous waste at a specific site	Generators of hazardous waste who have not paid a facility fee: 6,099	\$205 – \$81,880 based on amount of waste generated	\$23.3 million +13.0%	Hazardous Waste Control Account for regulation of hazardous waste management
Insurance Tax	1911	Gross premiums, ocean marine insurance underwriting profits, title insurance company income	Insurance companies: 2,061 Surplus line brokers: 570	5.00% ocean marine 2.35% all others	\$2.0 billion +2.8%	General Fund	
Integrated Waste Management Fee	1989	Disposed waste, by volume	Solid waste landfill operators and wood waste facility operators: 168	\$1.40 per ton – solid waste \$0.75 per ton – wood waste	\$40.8 million -3.6%	Integrated Waste Management Account—landfill-related environmental programs	
Marine Invasive Species Fee ¹	2000	Ships entering California with ballast water from outside a defined coastal zone	Owners and operators of vessels arriving in California ports: 4,503	\$850 per qualifying vessel voyage	\$4.4 million -12.2%	Marine Invasive Species Control Fund—to support a program that addresses the introduction of non-native aquatic species into the state's waters	
Motor Vehicle Fuel Tax	2002 ²	Gasoline, upon removal from the terminal rack, importation into the state, or sale	Gasoline suppliers: 139; other accounts: 151	35.7¢ per gallon	\$5.2 billion +.3%	State Transportation Fund—to construct and maintain public roads and mass transit systems	
Natural Gas Surcharge	2001	Natural gas used by customers of a public utility gas corporation or interstate pipeline	Gas utility companies: 12 Gas consumers: 11	Varies, depending on utility's service area and program costs	\$646.3 million +8.2%	Programs for low-income assistance, energy conservation, and related purposes	
Occupational Lead Poisoning Prevention Fee	1991	Industrial activity by employers in certain industrial classifications	Employers with 10 or more employees in industries with documented evidence of potential occupational lead poisoning: 11,575	\$299 – \$3,428 per year, based on the number of employees and industrial classification	\$3.2 million +2.4%	Occupational Lead Poisoning Prevention Account—to support lead poisoning prevention program	
Oil Spill Prevention and Administration Fee	1991	Crude oil and petroleum products received at marine terminals in California or moved through pipelines in marine waters in California	Marine pipeline operators; owners of crude oil and petroleum products received at marine terminals: 44	6.5¢ per barrel	\$28.4 million +14.6%	Oil Spill Prevention and Administration Fund—to support oil spill prevention programs and studies of spill effects, prevention, and response	
Oil Spill Response Fee	1991	Petroleum products received at marine terminals, moved through pipelines in marine waters, or received at refineries in California	Owners of petroleum products received at marine terminals, marine pipeline operators, oil refineries: 28	25¢ per barrel	No fees collected in 2011/12; \$50 million Oil Spill Response Trust Fund is at maximum	Oil Spill Response Trust Fund—pays for response to and clean-up of marine oil spills; related wildlife care; spill-related damages	
Underground Storage Tank Maintenance Fee	1989	Storage of petroleum products in underground tanks	Owners of underground fuel storage tanks: 7,778	1.4¢ per gallon effective 1-06 2.0¢ per gallon effective 1-10	\$316.9 million -4.6%	Underground Storage Tank Clean-Up Fund—to ensure clean-up of leaking underground petroleum storage tanks	
Water Rights Fee	2004	Applications for, and annual renewals of, water rights permits and licenses	Holders of, and applicants for, water rights permits and licenses: 13,125	Set each reporting period	\$13.2 million +61.9%	Water Rights Fund for operation of the State Water Resources Control Board's Division of Water Rights	
Motor Carrier Office	International Fuel Tax Agreement (IFTA) Interstate User Tax	1995	Diesel fuel used to operate qualified motor vehicles on California highways	Motor carriers who use diesel fuel in interstate operations: 25,348 ³	43.5¢ per gallon effective 1-12	\$79.3 million +14.2 Included with revenue for diesel fuel	Highway Users Tax Account—to construct and maintain public roads and mass transit systems
	Use Fuel Tax	1937	Vehicular use of liquid natural gas, compressed natural gas (CNG), and certain other fuels	Owners and operators of vehicles powered by covered fuels, use fuel vendors: 1,059	6 – 18¢ per gallon of fuel (varies by type), 7¢ per 100 cubic feet of CNG, or annual fee based on vehicle weight	Included with revenue for diesel fuel	Highway Users Tax Account—to construct and maintain public roads and mass transit systems

* The Board has oversight of local property tax assessments through its County Assessment Standards Program, values public utilities and specific properties within its State-Assessed Property Program, and is responsible for reviewing Publicly-Owned Property Assessment disputes.

¹ Known as the Ballast Water Management Fee through December 31, 2003. Administered under the Marine Invasive Species Fee Collection Law, effective January 1, 2004.² Originally the Motor Vehicle Fuel License Tax, implemented in 1941.³ Figure includes IFTA and Interstate Use Fuel User entities.