



Special Notice

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

Partial Tax Exemption for Certain Items Decreases by 0.25 Percent on January 1, 2016

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www.boe.ca.gov

CUSTOMER SERVICE CENTER
1-800-400-7115

TTY
711

Effective January 1, 2016, the tax rate for several partially exempt sales and purchases will be 2.25 percent plus applicable district taxes. If you are a retailer who accepts a partial exemption certificate for sales affected by this change, you will need to collect and report tax at the new rate beginning January 1, 2016. The partial tax rate applies to qualifying sales and purchases of:

- Farm Equipment and Machinery
- Teleproduction or Other Postproduction Service Equipment
- Diesel Fuel Used in Farming Activities or Food Processing
- Timber Harvesting Equipment and Machinery
- Racehorse Breeding Stock

The partial tax rate for sales and purchases of manufacturing and research & development equipment will remain at 3.3125 percent plus applicable district taxes. The partial rate for motor vehicle fuel remains unchanged at 2.25 percent plus applicable district taxes.

Background

The 7.50 percent sales and use tax base rate in California, which consists of state, local, and county taxes, remains at 7.50 percent, excluding any district taxes that may apply to certain areas. As of January 1, 2016, the state tax portion will decrease by 0.25 percent and the local tax portion will increase by 0.25 percent. Since the partial exemption only applies to the state tax, the amount of the partial exemption will decrease by 0.25 percent. This change is a result of the full payment of the bonds associated with the 2004 California Economic Recovery Bond Act (ERBA).

	Prior to 1/1/16	As of 1/1/16
General Partial Exemptions (Excluding Diesel)		
State taxes	5.50%	5.25%
Local & county taxes	2.00%	2.25%
Total statewide base tax rate	7.50%	7.50%
Tax rate for partially exempt property (above)	2.00%	2.25%*
<i>*Plus applicable district taxes</i>		
Diesel Fuel Used in Farming/Food Processing		
State taxes	7.25%	7.00%
Local & county taxes	2.00%	2.25%
Total statewide base tax rate	9.25%	9.25%
Tax rate for partially exempt property (above)	2.00%	2.25%*
<i>*Plus applicable district taxes</i>		

Determining the Correct Rate for Your Sale or Purchase

To determine the correct tax rate for a partially exempt sale or purchase on and after January 1, 2016, add 2.25 percent to the applicable district tax rate for your location. The rate of district taxes imposed in your tax area is the amount in excess of the 7.50 percent statewide base rate. For example, if the overall tax rate in your area is 8.50 percent, your district tax rate is 1.00 percent. The rate of your partially exempt sales or purchases would be 3.25 percent (2.25 + 1.00 = 3.25 percent). To find your area's overall tax rate go to www.boe.ca.gov and click on *Find a Tax Rate by Address*.

Exemption Certificates

You do not need to obtain replacement blanket exemption certificates. Properly completed certificates currently on file may be used to support partially exempt sales made under the new rate. Blank [exemption certificates](#) are available in the *Forms and Pubs* section of our website.

For More Information

For any questions regarding this notice, please call our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available to assist you weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.