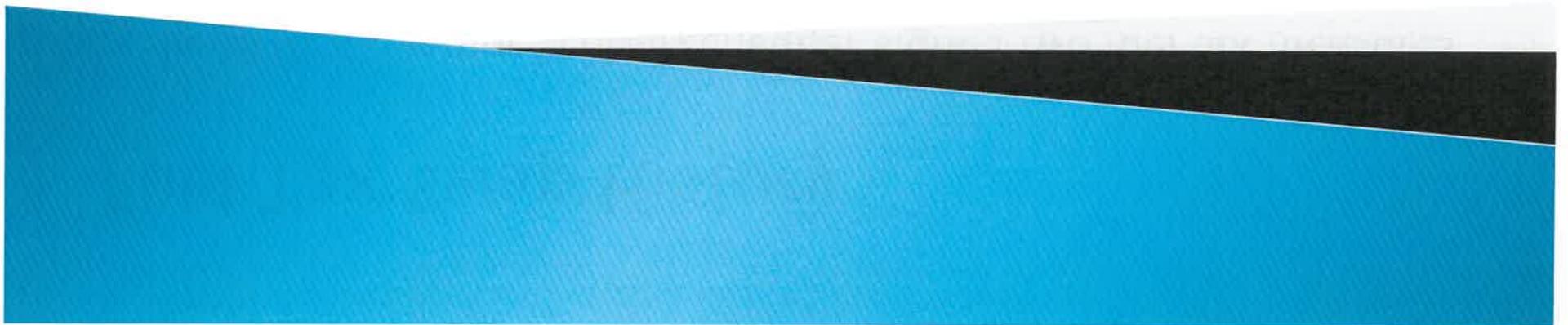




Board Of Equalization

Legislative and Research Division
Research and Statistics Section



Fuel Tax Swap History

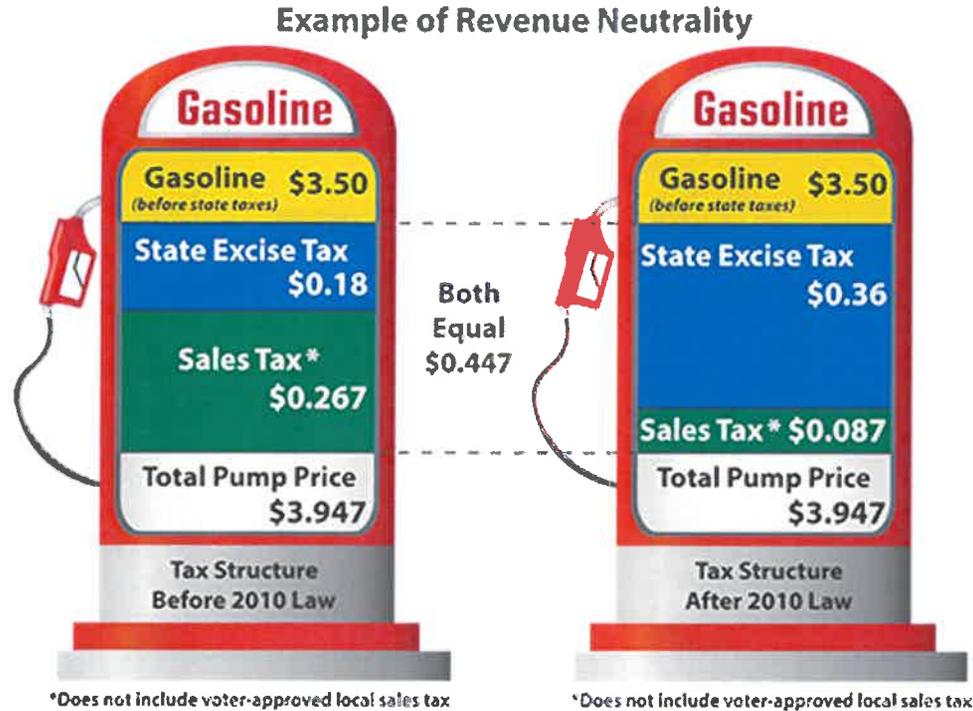
- ▶ In 2010, Governor Schwarzenegger signed two fuel tax measures (AB 86 and SB 70) for Motor Vehicle Fuel (MVF).
- ▶ In 2011, AB 105 took effect for Diesel Fuel.
- ▶ Commonly referred to as the Fuel Tax Swap.
- ▶ Adjusts the excise tax on gasoline.
- ▶ The legislation was designed to be revenue neutral over a three year period.
 - Ensure overall state taxes paid by consumers at the pump are the same as they would have paid under the prior tax structure.
- ▶ Does not produce a net revenue gain or loss in state taxes.
- ▶ Legislation mandates the BOE adjust the excise tax rate annually by March 1 and it becomes effective on July 1 of the new fiscal year.



Fuel Tax Swap



Revenue Neutrality



The excise tax rate is adjusted every year to ensure the overall state taxes consumers pay at the pump remain the same as they would have been under the prior tax structure. The graphic above illustrates how these tax laws work.

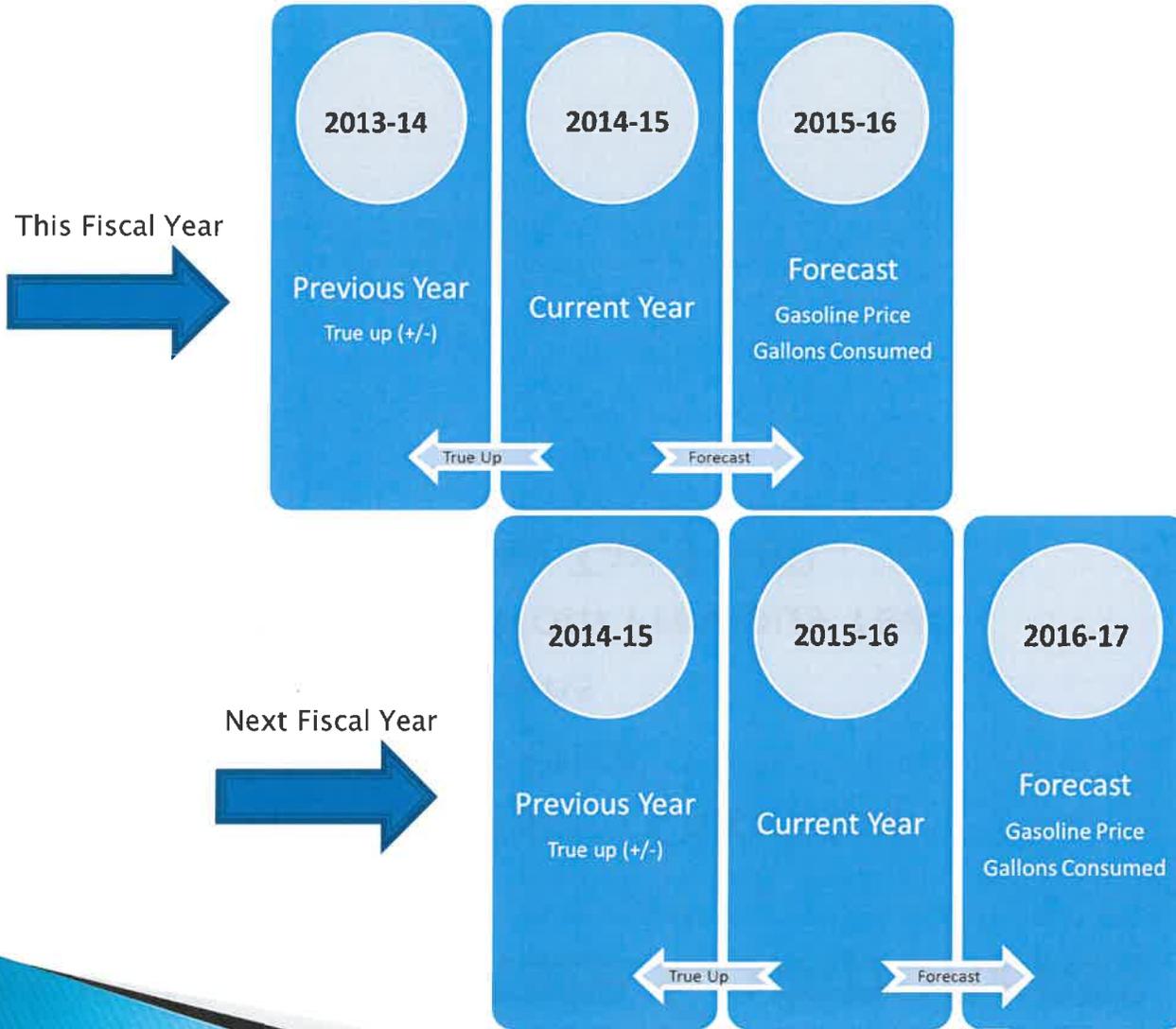


Excise Tax Rate Components

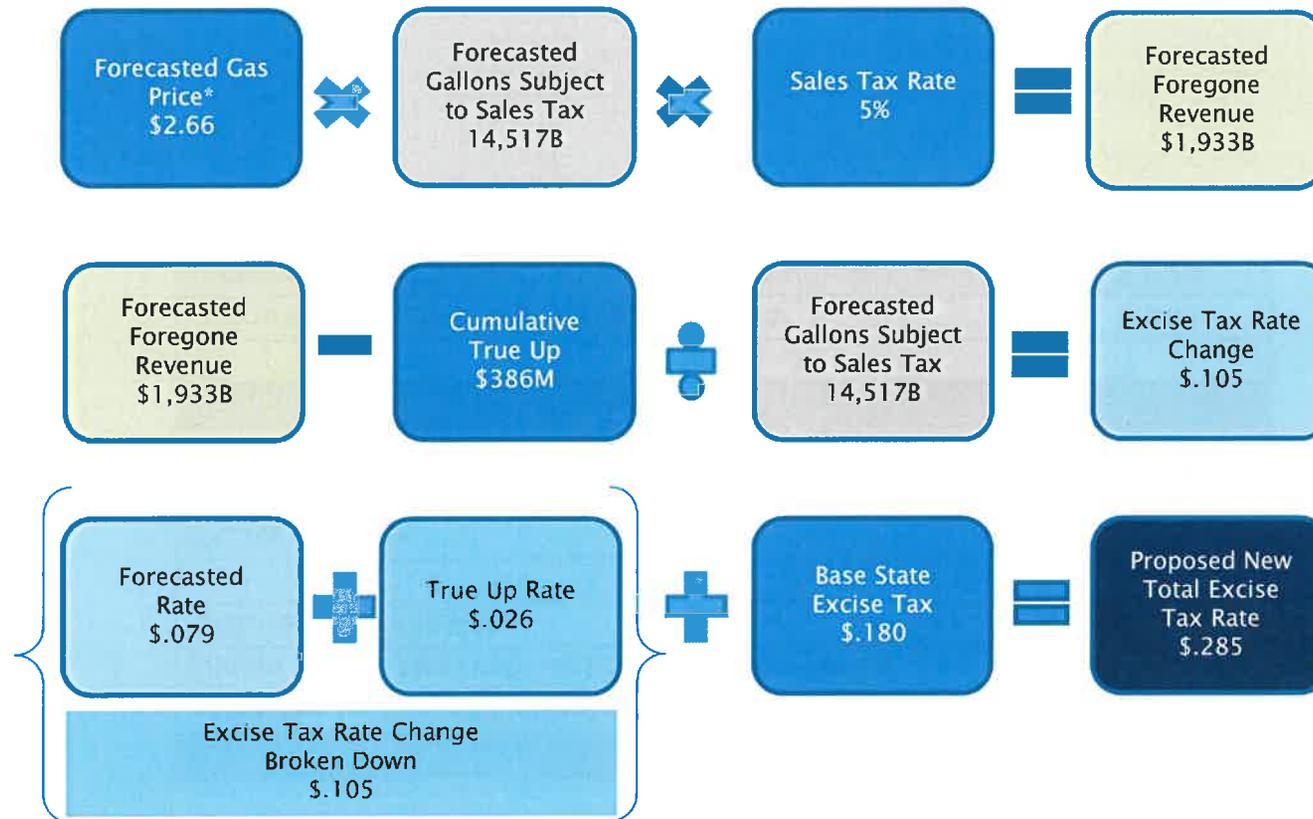
- ▶ New Excise Tax Rate ~ Calculated
 - Forecasted Gas Price
 - Forecasted Gallons
 - True Up (+/-) from Previous Year
 - Base State Excise Tax \$.180



Overview of Fuel Tax Swap



Fuel Tax Swap Calculation



* Includes Cap and Trade.



Fuel Tax Swap Calculation for FY 2015-16: Diesel

Variable	2015-16
Sales tax increased (millions)	\$140.8
Diesel excise tax revenues foregone (millions)	\$132.1
Difference (millions)	(\$8.7)
Excise tax rate	\$.180
Excise tax rate reduction	(\$.047)
New excise tax rate	\$.133
Round to nearest penny	\$.130
Amount per gallon true up adjustment	\$.003
Incremental excise rate change from prior year (\$.110)	\$.020



Sales and Excise Tax Revenues Gasoline

