

Appendix A – Tax Structure California

Following is a description of the applicable tax categories that will be calculated for the Goodwill California model:

- Sales Tax

The State of California charges a sales tax on retail goods and services. The sales tax rate for the State is currently 6.50%. This includes a temporary 0.25% that is being used to pay economic recovery bonds. The 0.25% increase is being offset by a 0.25% decrease in the 1.0% Bradley-Burns rate at the city level. The State rate also includes 0.5% distributed to counties for social service program and another 0.5% for public safety purposes. The city sales tax rate is currently 0.75% due to the reduction of 0.25% to repay the economic recovery bonds and sales taxes at the county level varies between 0.25% and 1.25% for a total of 7.50% to 8.50% per sale.

Taxable sales result from the spending of direct, indirect and induced employees supported by the company. Based on data from the latest U.S. Consumer Expenditure Survey, the projected level of retail spending and resulting sales tax receipts is calculated.

State sales taxes will also be collected from other sources.

- i. **Local supplies and purchases.** A direct sales tax can be determined if the user inputs local supplies and purchases that are taxable and purchased within the region.
- ii. **Direct sales.** Some companies (primarily retail establishments) will also charge a sales tax on the goods or services they sell. State, County and City sales taxes will be generated.

- Income Tax

The State of California collects taxes on personal and corporate income. The personal income tax rate varies from 1.0% to 9.3% and is applied to the federally adjusted wages and earnings of direct, indirect and induced employment resulting from the operation of the company. The corporate income tax rate is 8.84% and is included in the model's tax revenue tables if the taxable net income is provided on the Data Inputs Worksheet. The model does not estimate the impact from corporate income tax unless net income is provided.

- Unemployment Insurance Tax

Unemployment insurance tax for employees is currently 3.4% on the first \$7,000 of earned income. This factor is applied to the projected wages and earnings of direct, indirect and induced employees involved in construction and/or supported by the company.

- Gas Tax

The State of California currently collects a gas tax of \$0.36 per gallon of gasoline. The tax revenue is calculated based on the average vehicle traveling 12,000 miles per year at 15



miles per gallon. These factors are applied to the projected direct, indirect and induced employee count supported by the company.

- Vehicle License Fees

Vehicle license fees are collected for registering and titling motor vehicles in the State of California. Currently, the average for the State is \$182 per car. This factor is applied to the projected direct, indirect and induced employee count supported by the construction or operations of the company. Revenues from the VLF are distributed to the County Health and Welfare Fund (24.33%) and to the counties and cities (75.67%). The 75.67% is then distributed based on 18.75% to counties and 81.25% to cities and counties based on their respective population.

The above tax categories represent the largest sources of revenues that will be generated to governing entities.

