Sales/Use Tax/County Fee Changes

Effective: January 1, 2017

New Information
On January 1, 2017, the statewide base sales/use tax rate will decrease from 7.50 percent to 7.25 percent. The total sales/use tax rate range in California will be from 7.25 percent to 9.75 percent.

Effective with vehicle registration expiration dates of January 1, 2017, and after, the abandoned vehicle abatement (AVA) fee collection for Lake County (county code [CC] 17), Nevada County (CC 29), Plumas County (CC 32), Riverside County (CC 33), and Tehama County (CC 52) will be suspended for one year.

All other counties that currently have fee programs will continue to participate and the Department of Motor Vehicles (DMV) will continue to collect their various program fees. For the complete list of participating counties and fees, see the Vehicle Industry Registration Procedures Manual, Appendix 1A located at www.dmv.ca.gov.

Procedures
The new city or county sales/use tax rate will apply to:

- Original applications with a “fee due date” or “date of first operation” of January 1, 2017, or later.
- Transfer applications with a purchase date of January 1, 2017, or later.

Continue to collect and submit AVA fees for vehicles with a registration address or an allocated county status in an AVA participating county.

Business Partner Automation (BPA) program participants that process vehicle registration and titling transactions will continue processing applications as normal; programming will generate the correct sales/use tax and AVA fees by county.

Background
Registered voters approved measures to decrease the statewide rate beginning January 1, 2017.

The sales/use tax rate varies throughout the state of California. The sales/use tax rate will be higher than the state rate of 7.25 percent in areas where there are voter-approved special district (county, city, or both) taxes. The state, county, and/or city taxes are combined to determine the total sales/use tax rate due.

A California city, county, or city and county may adopt an ordinance which establishes procedures for the abatement and removal of abandoned, wrecked, dismantled, or inoperative vehicles from private or public property.

To fund the AVA programs, vehicles registered or allocated in participating jurisdictions are assessed a $1 AVA fee; an additional $2 AVA fee is assessed on vehicles subject to the Commercial Vehicle Registration Act (CVRA).

Distribution
Notification that this memo is available online, at www.dmv.ca.gov under Publications was made via California DMV’s Automated Email Alert System November 2016.
References

California Vehicle Code §§9250.7 and 22660
Vehicle Industry Registration Procedures Manual, Appendix 1A

Contact

Call the DMV Customer Communications Section, at (916) 657-6560 for further clarification of this memo. Upon request, this document can be produced in Braille or large print.

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