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Mar. 30, 2013

For money-minded shoppers, it could be a great weekend to buy a car, stock up on gardening tools, maybe spring for a new washer/dryer or even a few pair of designer jeans.

That's because starting Monday, a blizzard of sales tax hikes kicks in for more than 20 cities and counties statewide, including Sacramento city.

For recession-ravaged municipalities from Carmel to Culver City, the sales tax increases — which range mostly from a quarter- to a half-cent on every dollar of sales — are intended to boost revenues. In Sacramento, the bump — from 8 to 8.5 percent — is estimated to bring in an additional \$28 million a year. The increases have businesses retooling, tax groups fuming and consumers paying up.

“We get customers grumbling about it when they buy a big-ticket item. But there's not much they can do about it,” said Jay Joseph, general manager of Manuel Joseph Appliance Center on Northgate Boulevard.

On a \$1,000 refrigerator, for instance, the new Sacramento city rate will mean an extra \$5 in sales taxes.

“It won't have a huge impact, only because people are accustomed to the increases. In the whole scheme of things, it's not a lot of money,” said Joseph.

For bigger-ticket items, there's more to pay, obviously. On a \$25,000 Ford Escape, for instance, Sacramento buyers will pay an additional \$125 in sales tax. (With vehicles,

sales tax is based on the owner's registration address, not where the dealership is

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It means that Macy's in Downtown Plaza will charge a different rate than Macy's in Sunrise Mall.

For the State Board of Equalization, which oversees the new rates, it's a simple calculation. "A retailer selling goods at a store must charge the sales tax rate for the jurisdiction in which that store is located, regardless of where the customer resides," said BOE spokesman Jaime Garza in an email.

At the Filco Appliance Superstore on Fulton Avenue, owner Tony Saca said the new sales tax jump probably won't be noticed by customers coming in to replace a worn-out washer, dryer or refrigerator. "We are a necessity item, so I doubt it will affect us. If their refrigerator is dead, they don't care. They have to bite the bullet and pay it."

But tax watchdog groups aren't happy about the prospect. "We think it's bad news in that we already have a very slow economic turnaround," said David Kline, spokesman for the California Taxpayers Association. "The forecast is for very slow growth in California's economy. More sales taxes will certainly not help."

Coupled with the Proposition 30 statewide sales tax that added a quarter-cent starting Jan. 1, plus the return of a 2 percent federal payroll tax, consumers are definitely paying more taxes than they did a year ago.

"You add it all up and it's more money out of your pocket," said Kline. "People may decide to postpone purchases or not make them at all. It calls for people to tighten up their budgets."

It also creates a confusing mix of tax rates across California. According to the BOE, 19 cities increased their sales tax, effective April 1. Three counties — Marin, San Mateo and Santa Clara — upped theirs.

In addition, a handful of cities extended the expiration date of existing sales tax

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