

# CLIC ADVISORY

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## **STATE BUDGET ALERTS FOR CALIFORNIA CONTRACTORS**

With California's fiscal budget signed recently by Governor Schwarzenegger, a couple of new items will affect your bottom line: a **Sales Tax Increase**, but also an **off-road diesel emissions regulation (CARB)** change.

### **Sale Tax**

--A 1% sales tax increase, effective April 1, is part of several revenue increases approved by the Governor... Contractors who have current fixed price public works contracts may be forced to pay the higher sales tax rate without being reimbursed by the public agency with which they have a contract.

--The increase would be effective starting April 1, 2009. The rate increase will sunset on June 30 of either 2011 (about 2 years) or 2012 (about 3 years), with the longer period contingent on voter approval of the proposed Budget Stabilization constitutional amendment that will appear on the special statewide election ballot May 19, 2009.

### **CARB Issues**

Three significant items concerning the off-road diesel regulation:

--First, contractors will be given full credit for any vehicle retirements made between March 1, 2006 and March 1, 2010 as long as total fleet horsepower decreased from the previous year and these credits will last indefinitely.

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### **DISCLAIMER**

Articles appearing in this publication were obtained from a variety of different sources. Their re-publication is intended to keep CLIC members abreast of developments in labor relations, legislation, business or politics which may have a positive or detrimental effect on their business operations. The views expressed, however, do not signify endorsement by the California Landscape & Irrigation Council. The material is presented merely to give our members a balanced point of view of some of the issues which may affect them.

--Second, contractors may carry forward a credit for reduced fleet activity based on the percentage reduction in annual fleet hours for the year ending July 1, 2007 to the year ending March 1, 2010. Those credits may only be used for 2010 and 2011.

--Third, for the total turnover and retrofit requirements for the years 2011 through 2013 fleets may meet the standards by completing 20 percent of the work in 2011, an additional 20 percent in 2012 and the balance in 2013.

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