

March 26, 2002

State Board of Equalization
Attn: Diane Olson
MIC:80, P.O. Box 942879
Sacramento, CA 94279-0080

Subject: Comments on proposed amendments to Regulation 1616(d)(3), Title 18, Division 2, Chapter 4, of the California Code of Regulations, which would exempt from sales tax meals, food, and beverages made at eating and drinking establishments on the reservations, and/or the sale of tangible personal property that has “reservation-based value”.

On March 27, the State Board of Equalization will consider amendments to Regulation 1616(d)(3), of Title 18, Division 2, Chapter 4, of the California Code of Regulations. The amendments to be considered are as follows:

- Remove the requirement for Indian retailers to collect use tax on the sale of meals, food, and beverages made at eating and drinking establishments on the reservation; or
- Remove the requirement for Indian retailers to collect use tax on (1 the sale of meals, food, and beverages made at eating and drinking establishments on the reservation and, (2) the sale of tangible personal property that has “reservation-based value” as defined within the proposed language of the amendment; or
- Make no changes to the Regulation (State Board staff’s recommendation)

The Santa Barbara County Board of Supervisors supports the recommendation of the State Board of Equalization’s staff, and that no change be made to the existing Regulation. Local governments rely on sales and use tax to support basic, mandated services. Every year, special interest groups seek to exempt additional transactions from the imposition of sales and use tax. Every exemption further erodes the ability of local governments to fund mandated services.

Letter to State Board of Equalization

March 26, 2002

Page 2 of 2

Further, exempting Indian retailers raises concerns that Indian Tribes are gaining a competitive advantage over non-Indian retailers engaged in the same type of commercial activities. Current regulations maintain the competitive balance among Indian and on-Indian retailers on and off the reservation with respect to the sale of tangible personal property to non-Indian purchasers.

Thank you for considering our comments on the proposed regulation amendment.

Sincerely,

Gail Marshall, Chair
Santa Barbara County Board of Supervisors