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## **California Second Highest Sales Tax Nationally**

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According to the non-profit Tax Foundation in a study released this week, California has the second highest effective sales tax rate in the nation. What the ranking demonstrates is that there is not much room (if any) for California to raise revenue to help balance its budget through sales taxes. That means that there are really only two options; first, dramatically cut expenditures and raise other taxes and second encourage business growth .

President Obama announced this week that the provisions in the Tax Relief Act that increased the capital gain exclusion from 50% to 100% for investments in qualified small business held for five years, would be made permanent. California needs a conforming bill. Business expansion is a way out of the budget crisis for California. Growth coupled with sensible budget contraction is what is necessary.

**Law Offices of Sanford I. Millar**

**Office:** 310-556-3007

**Fax:** 310-556-3094

**Address:** 1801 Avenue of the Stars, Suite 600  
Los Angeles, CA. 90067

**Email:** [smillar@millarlaw.net](mailto:smillar@millarlaw.net)

[www.millarlawoffices.com](http://www.millarlawoffices.com)