



Since 1968

Pacific Modern Homes, Inc.

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CALIFORNIA SALES TAX CHANGES

Under the California Sales Tax regulations, Pacific Modern Homes, Inc. (Pacific) is not required to collect the District Taxes on deliveries made by Common Carrier (Kookan Trucking) to Counties and Cities outside of Sacramento County, CA. The only exception to this is where deliveries are made on Pacific's truck(s).

Pacific has collected the District Taxes and paid them to the Board of Equalization for many years. While it was not always easy to keep track of the Counties where deliveries were being made, only a couple of Cities were ever involved. However, in the last couple of years, the number of Counties (and especially Cities) enacting their own special Sales Taxes has mushroomed. This has created a situation for us at Pacific that is loaded with possibilities for errors that will subject us to penalties from the Board of Equalization.

The local store in a fixed location has only one (1) total Sales Tax rate to keep track of, but Pacific is shipping all over the State of California. As such, Pacific does not always have information as to whether the delivery to a particular City is within the current city limits or is simply in an area that uses that City name for purposes of mail delivery.

Effective April 1, 2007, Pacific will no longer collect any District Taxes on Common Carrier deliveries made outside of Sacramento County, CA. According to the California State Board of Equalization, we will invoice these deliveries at the basic Sales Tax rate for the State of California of 7.50%. We will include an advisory notice with the invoice that the Customer is responsible for any District Tax applicable to the Customer's County or City.

All Plan Sales and sales of Plan Copies (as well as Building Packages picked up at Pacific) will be charged the Sacramento County tax rate, currently 8.00%.

Please contact Chris Fellersen if you have any questions on our Sales Tax procedures.

2-26-16