

**NOTICE TO EMPLOYEES
STATE PAYROLL TAX WITHHOLDING
WILL INCREASE NOVEMBER 1, 2009**

Beginning November 1, 2009, the State of California is increasing the rates used to determine your state payroll taxes. This will increase the amount of state income tax withheld from your paycheck by 10%.

For example:

If your current State payroll tax withholding is \$200, beginning November 1st, your withholding will become \$220 ($\$200 + (\$200 \times 10\%) = \220).

While the tax amount withheld is increasing by 10%, the amount of your annual State income tax liability will not change. To illustrate this, below is an example of an employee with a marital status of married filing jointly and annual taxable income of \$75,000:

	Employee's Annual Taxable Income	State Tax Withholding - Married, Filed Jointly	State Tax Liability- Married, Filed Jointly	Annual Tax Refund
Current Law	\$75,000	\$2,615 ⁽¹⁾	\$2,615	
New Law	\$75,000	\$2,877 ⁽²⁾	\$2,615	\$262 ⁽³⁾

Footnotes:

(1) Per 2008 California Tax Table.

(2) Tax withholding increased by 10% from \$2,615 to \$2,877, it represents a lesser take-home pay.

(3) Difference between State Tax Withholding and State Tax Liability.

As you can see from the example above, although the employee's tax withholdings increased, his/her liability did not.

If you would like to change your State Withholdings, please complete a DE4 (Employee's Withholding Allowance Certification) and return the completed form to your Departmental Payroll Office. You can obtain a blank form from your payroll office or by going to the following web-site:

<http://auditorweb.co.la.ca.us/FileDownload.aspx?FileID=315>

You may want to talk to a tax specialist if you have questions regarding you State Income Tax Withholdings.