

**ASSEMBLY BILL**

**No. 7**

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**Introduced by Assembly Member Cardoza  
(Coauthors: Assembly Members Florez, Matthews, Reyes, and  
Thomson)**

December 4, 2000

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An act to add Section 6356.5 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 7, as introduced, Cardoza. Sales and use taxes: farm tractors.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax.

This bill would additionally exempt farm tractors, used in agricultural operations, that are only incidentally operated on a highway.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 6356.5 is added to the Revenue and  
2 Taxation Code, to read:

3 6356.5. There are exempted from the taxes imposed by this  
4 part the gross receipts from the sale of, and the storage and use of,  
5 or other consumption in these state of, farm tractors that are used  
6 in agricultural operations off the highway, and are only  
7 incidentally operated upon a highway, for the purpose of moving  
8 between farms or parts of farms, if the farms or parts of farms are  
9 in close proximity.

10 SEC. 2. Notwithstanding Section 2230 of the Revenue and  
11 Taxation Code, no appropriation is made by this act and the state  
12 shall not reimburse any local agency for any sales and use tax  
13 revenues lost by it under this act.

14 SEC. 3. This act provides for a tax levy within the meaning of  
15 Article IV of the Constitution and shall go into immediate effect.  
16 However, the provisions of this act shall become operative on the  
17 first day of the first calendar quarter commencing more than 90  
18 days after the effective date of this act.

