

AMENDED IN ASSEMBLY MARCH 13, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 7

Introduced by Assembly Member Cardoza

(Principal coauthor: Senators Johannessen and Monteith)

**(Coauthors: Assembly Members Florez, Matthews, Rod Pacheco,
Reyes, and Thomson)**

(Coauthor: Senator Costa)

December 4, 2000

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 amended, Cardoza. Sales and use taxes: farm ~~tractors~~ *equipment and machinery*.

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—equipment and machinery from taxation under the Sales and Use Tax Law. This exemption would not apply to taxes imposed by local government entities, or to certain state tax rates allocated to local governments.~~

~~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-no.~~

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. (a) There are exempted from the taxes imposed by
4 this part the gross receipts from the sale of, and the storage and use
5 of, or other consumption in ~~these~~ *this* state of, farm tractors that are
6 used 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.—equipment and machinery, and the parts thereof, used~~
15 ~~to produce and harvest agricultural products.~~

16 (b) (1) *Notwithstanding any provision of the Bradley-Burns*
17 *Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with*
18 *Section 7200)) or the Transactions and Use Tax Law (Part 1.6*
19 *(commencing with Section 7251)), the exemption established by*
20 *this section does not apply with respect to any tax levied by a*
21 *county, city, or district pursuant to, or in accordance with, either*
22 *of those laws.*



1 (2) *Notwithstanding subdivision (a), on or after January 1,*
2 *1995, the exemption established by this section does not apply with*
3 *respect to any tax levied pursuant to Sections 6051.2 and 6201.2,*
4 *or pursuant to Section 35 of Article XIII of the California*
5 *Constitution.*

6 SEC. 2. This act provides for a tax levy within the meaning
7 of Article IV of the Constitution and shall go into immediate
8 effect. However, the provisions of this act shall become operative
9 on the first day of the first calendar quarter commencing more than
10 90 days after the effective date of this act.

