

AMENDED IN ASSEMBLY APRIL 17, 2001

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~~ *and repeal Section 6356.5 of 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 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, *on or after January 1, 2002, and before January 1, 2007*, additionally exempt farm equipment and machinery from taxation under the Sales and Use Tax Law.

This bill would require the Legislative Analyst's Office to report to the Legislature in connection with the utilization of this exemption, as specified. 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: 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~~ *On or after January 1, 2002, and before*
4 *January 1, 2007, there* are exempted from the taxes imposed by
5 this part the gross receipts from the sale of, and the storage and use
6 of, or other consumption in this state of, farm equipment and
7 machinery, and the parts thereof, used to produce and harvest
8 agricultural products.

9 (b) (1) Notwithstanding any provision of the Bradley-Burns
10 Uniform Local Sales and Use Tax Law (Part 1.5 (commencing
11 with Section 7200)) or the Transactions and Use Tax Law (Part 1.6
12 (commencing with Section 7251)), the exemption established by
13 this section does not apply with respect to any tax levied by a
14 county, city, or district pursuant to, or in accordance with, either
15 of those laws.

16 (2) Notwithstanding subdivision (a), on or after January 1,
17 1995, the exemption established by this section does not apply
18 with respect to any tax levied pursuant to Sections 6051.2 and
19 6201.2, or pursuant to Section 35 of Article XIII of the California
20 Constitution.

21 ~~SEC. 2.—~~

22 (c) *This section shall remain in effect only until January 1,*
23 *2007, and as of that date is repealed.*

24 *SEC. 2. To the extent data is available, the Legislative*
25 *Analyst’s Office shall report to the Legislature no later than three*
26 *years after the exemption authorized by this act becomes*
27 *operative. The report shall contain available information*
28 *regarding utilization of the exemption and, if sufficient data is*
29 *available, shall do all of the following:*

30 (a) *Discuss whether the exemption has had a noticeable*
31 *economic impact on the agricultural sector in California.*



1 ***(b) Recommend whether or not the repeal date for the***
2 ***exemption should be extended.***

3 ***(c) Recommend any modifications to the exemption that might***
4 ***help further the Legislature's intent of providing sales and use tax***
5 ***relief to the agricultural sector in California.***

6 **SEC. 3.** 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.

