

ASSEMBLY BILL

No. 136

**Introduced by Assembly Member Corbett
(Principal coauthor: Assembly Member Runner)**

January 23, 2001

An act to amend Section 241 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 136, as introduced, Corbett. Personal property tax: hand tool exemption.

The California Constitution authorizes the Legislature to exempt personal property from taxation by means of a statute approved by a $\frac{2}{3}$ vote of the membership of each house. Under this authorization, the Legislature has exempted from ad valorem taxation the first \$20,000 worth of hand tools that are owned and supplied by an employee as a condition of employment.

This bill would increase the \$20,000 exemption amount annually in accordance with a specified inflation adjustment.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

Vote: ²/₃. 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 241 of the Revenue and Taxation Code
2 is amended to read:

3 241. (a) The first twenty thousand dollars (\$20,000) of
4 personal property that consists of hand tools owned and supplied
5 by an employee that are required as a condition of that employee's
6 employment are exempt from taxation.

7 (b) For purposes of this section:

8 (1) "Hand tools" means hand-held implements and
9 equipment, including hand-held power tools, of which any one
10 may be transported to and from the workplace and which are
11 necessary for the ordinary and regular performance of the
12 employee's work, and also means the appropriate storage
13 containers used to store those implements and that equipment.

14 (2) "Hand tools owned and supplied by an employee" means
15 only those hand tools that are either owned by the employee prior
16 to the employment or acquired and paid for by the employee
17 during the employment, that the employee will continue to own
18 after termination of the employment.

19 (3) "Employee" means any individual who is employed by an
20 employer that directly or indirectly supervises that person and
21 exercises control over the wages and working conditions of
22 individual workers. "Employee" does not include a
23 self-employed individual or an independent contractor.

24 (c) *Commencing on January 1, 2002, and for each assessment*
25 *year thereafter, the amount of personal property exempt from*
26 *taxation pursuant to subdivision (a) shall be compounded*
27 *annually by an inflation factor that is the annual percentage*
28 *change, measured from February to February, of the two previous*
29 *assessment years, in the California Consumer Price Index for all*
30 *items as determined by the Department of Industrial Relations.*
31 *The annual percentage change shall be rounded to the nearest*
32 *one-thousandth of 1 percent. The amount of the exemption*
33 *calculated shall be rounded to the nearest dollar.*

34 SEC. 2. Notwithstanding Section 2229 of the Revenue and
35 Taxation Code, no appropriation is made by this act and the state

- 1 shall not reimburse any local agency for any property tax revenues
- 2 lost by it pursuant to this act.
- 3 SEC. 3. This act provides for a tax levy within the meaning of
- 4 Article IV of the Constitution and shall go into immediate effect.

O

