

AMENDED IN ASSEMBLY MARCH 27, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 984

Introduced by Assembly Member Papan

February 23, 2001

An act to add Section 6368.8 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 984, as amended, Papan. Sales and use taxes: exemptions: sales and leasebacks of public passenger transportation vehicles.

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, including an exemption for sales and leasebacks of passenger transportation vehicles to the Department of Transportation.

This bill would exempt sales and leasebacks of public passenger transportation vehicles ~~to~~ *by* a transit authority, special district, or governmental entity ~~for the purpose of providing public transit services, as specified.~~

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 6368.8 is added to the Revenue and
2 Taxation Code, to read:

3 6368.8. (a) There are exempted from the taxes imposed by
4 this part, the gross receipts from the sale in this state of, and the
5 storage, use, or other consumption in this state of, public passenger
6 transportation vehicles sold or leased ~~to~~ by a transit authority,
7 special district, or governmental entity ~~for the purpose of~~
8 ~~providing public transit services~~ and leased or subleased back to
9 that authority, district, or entity.

10 (b) For purposes of this section, the term “public passenger
11 transportation vehicles” includes, but is not limited to, rail
12 passenger cars, locomotives, other rail vehicles, bus and van fleets,
13 and ferry boats used in the provision of public transportation
14 services.

15 (c) This exemption does not apply to the first or initial
16 acquisition or use of a public transportation vehicle by a transit
17 authority, special district, or governmental entity.

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

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

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