

ASSEMBLY BILL

No. 1199

**Introduced by Assembly Members Cardenas and Matthews
(Coauthor: Assembly Member Negrete McLeod)**

February 23, 2001

An act to add and repeal Sections 6397 and 6398 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1199, as introduced, Cardenas. Sales and use taxes: exemptions: clothing and footwear.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale of, or the storage, use, or other consumption in this state of, tangible personal property, and provides various exemptions from that tax. Existing law authorizes cities, counties, and cities and counties to impose local sales and use taxes or transactions and use taxes, and provides that exemptions from state sales and use tax are incorporated into those local taxes.

This bill would provide an exemption from that tax for the gross receipts from the sale of any article of clothing or footwear purchased for less than \$200 and computers and computer equipment purchase for less than \$1,000 during a specified period in 2001.

This bill would specify that this exemption applies to local sales and use taxes or transactions and local use taxes, unless the governing body of the county, city, or district votes otherwise.

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.

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 6397 is added to the Revenue and
2 Taxation Code, to read:
3 6397. (a) There are exempted from the computation of the
4 amount of the sales tax the gross receipts from the sale of tangible
5 personal property for any article of clothing or footwear designed
6 to be worn on or about the human body if both of the following
7 occur:
8 (1) The article is purchased for two hundred dollars (\$200) or
9 less.
10 (2) The sale takes place during a three-day period beginning at
11 12:01 a.m. on Friday, August, 24, 2001, and ending at 12:00
12 midnight on Sunday, August, 26, 2001.
13 (b) The exemption provided for by this section includes any of
14 the following:
15 (1) Layaway agreements entered into during the period
16 specified in subdivision (a) for which the purchaser has made a
17 deposit of at least 10 percent of the sale price of the article.
18 (2) The purchase of an article pursuant to an order placed by the
19 purchaser and paid for in full during the period of exemption
20 specified in subdivision (a), notwithstanding the fact that delivery
21 of the article is made subsequent to the period of the exemption.
22 (c) This section does not apply to any of the following:
23 (1) Any special clothing or footwear that is primarily designed
24 for athletic activity or protective use and that is not normally worn
25 except when in use for the athletic activity or protective use for
26 which it is designed.



1 (2) Accessories, including jewelry, handbags, book bags,
2 backpacks, luggage, umbrellas, wallets, watches, and similar
3 items carried on or about the human body, without regard to
4 whether worn on the body in a manner characteristic of clothing.

5 (3) The rental of footwear or clothing.

6 (d) Notwithstanding any provision of the Bradley-Burns
7 Uniform Local Sales and Use Tax Law (Part 1.5 (commencing
8 with Section 7200)) or the Transactions and Use Tax Law (Part 1.6
9 (commencing with Section 7251)), the exemption established
10 herein applies with respect to any tax levied by a county, city, or
11 district pursuant to, or in accordance with, either of these laws,
12 unless the governing body of the county, city, or district votes to
13 not have the exemption apply.

14 (e) The exemption established by this section applies with
15 respect to any tax levied pursuant to Sections 6051.2 and 6201.2,
16 or pursuant to Section 35 of Article XIII of the California
17 Constitution.

18 (f) This section shall remain in effect only until January 1,
19 2003, and as of that date is repealed, unless a later enacted statute,
20 that is enacted before January 1, 2003, deletes or extends that date.

21 SEC. 2. Section 6398 is added to the Revenue and Taxation
22 Code, to read:

23 6398. (a) There are exempted from the computation of the
24 amount of the sales tax the gross receipts from the sale of any
25 computer, computer monitor, computer keyboard, computer
26 printer, or computer scanner if both of the following occur:

27 (1) The sales price of any item is one thousand dollars (\$1000)
28 or less.

29 (2) The sale takes place during a three-day period beginning at
30 12:01 a.m. on Friday, August 24, 2001, and ending at 12:00
31 midnight on Sunday, August 26, 2001.

32 (b) The exemption provided for by this section includes any of
33 the following:

34 (1) Layaway agreements entered into during the period
35 specified in subdivision (a) for which the purchaser has made a
36 deposit of at least 10 percent of the sale price of the item.

37 (2) The sale of an item pursuant to an order placed by the
38 purchaser and paid for in full during the period of exemption
39 specified in subdivision (a), notwithstanding the fact that deliver
40 of the item is made subsequent to the period of the exemption.



1 (c) Notwithstanding any provision of the Bradley-Burns
2 Uniform Local Sales and Use Tax Law (Part 1.5 (commencing
3 with Section 7200)) or the Transactions and Use Tax Law (Part 1.6
4 (commencing with Section 7251)), the exemption established
5 herein applies with respect to any tax levied by a county, city, or
6 district pursuant to, or in accordance with, either of these laws,
7 unless the governing body of the county, city, or district votes to
8 not have the exemption apply.

9 (d) The exemption established by this section applies with
10 respect to any tax levied pursuant to Sections 6051.2 and 6201.2,
11 or pursuant to Section 35 of Article XIII of the California
12 Constitution.

13 (e) This section shall remain in effect only until January 1,
14 2003, and as of that date is repealed, unless a later enacted statute,
15 that is enacted before January 1, 2003, deletes or extends that date.

16 SEC. 3. The governing body of any county, city, or district
17 that votes to not allow the exemption provided in Sections 6397
18 and 6398 of the Revenue and Taxation Code, shall notify the Board
19 of Equalization on or before July 15, 2001.

20 SEC. 4. This act provides for a tax levy within the meaning of
21 Article IV of the Constitution and shall go into immediate effect.

