

AMENDED IN ASSEMBLY MAY 10, 2001

AMENDED IN ASSEMBLY APRIL 30, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 1246

Introduced by Assembly Member Leonard

**(Coauthors: Assembly Members Ashburn, Bogh, Briggs, *Cogdill*,
Cox, *Hollingsworth*, *Koretz*, Leach, Liu, Maddox, *Matthews*,
Robert Pacheco, Pescetti, Runner, Strickland, *Vargas*, *Wyland*,
Wyman, and Zettel)**

(Coauthors: Senators Haynes and Knight, *Knight*, *Morrow*, and
Oller)

February 23, 2001

An act to add Section 6361.7 to the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1246, as amended, Leonard. Sales and use taxes: exemption: college textbooks.

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. Existing law authorizes cities, counties, and cities and counties to impose local sales or transactions and use taxes, and provides that exemptions from state sales and use tax are incorporated into those local taxes.

This bill would establish an additional exemption from sales and use taxes with respect to the sale in this state of, or the storage, use, or other consumption in this state of, college textbooks, as defined. *The exemption would be available only if students present proof that they are enrolled in an institution of higher education, as defined, and enrolled in the course for which the textbooks are required.*

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 make an appropriation from the General Fund, without regard to fiscal years, to reimburse local governments for sales and transactions and use tax revenue losses incurred as a result of the exemption created by the bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: ²/₃. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6361.7 is added to the Revenue and
 2 Taxation Code, to read:
 3 6361.7. (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, any textbook
 6 that is purchased by a student at an institution of higher education
 7 or from an entity whose primary purpose is to provide textbooks
 8 to students attending institutions of higher education, for use as a
 9 learning resource in any course of study at that institution.
 10 (b) (1) For purposes of this section, “textbook” means any
 11 published material that is principally designed for use by a student
 12 at an institution of higher education as a source of instructional
 13 material and includes, but is not limited to, any book or edition of
 14 a book, as so described, that is directed or recommended by an
 15 instructor at an institution of higher education to a student to



1 purchase for use as a basis for a course of study *in which that*
2 *student is enrolled* at that institution.

3 (2) For purposes of this section, an “institution of higher
4 education” means any public or private college or university that
5 is nationally or regionally accredited.

6 ~~(e) Students shall present a valid student identification card,~~
7 ~~issued by an institution of higher education, in order to receive the~~
8 ~~benefit of the textbook sales tax exemption.~~

9 (c) *The exemption created by this section is applicable only if:*

10 (1) *The student presents a valid identification card issued to*
11 *that student by an institution of higher education.*

12 (2) *The student presents proof that he or she is enrolled in the*
13 *course for which the textbook is directed or recommended by the*
14 *instructor.*

15 SEC. 2. Notwithstanding Section 13340 of the Government
16 Code, there is hereby appropriated from the General Fund to the
17 Controller, without regard to fiscal years, those amounts that shall
18 be allocated by the Controller to fully reimburse local
19 governments for sales and transactions and use tax revenue losses
20 incurred as a result of Section 6361.7 of the Revenue and Taxation
21 Code, or any successor to that provision.

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.

