

AMENDED IN ASSEMBLY MAY 13, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2897**

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**Introduced by Assembly Member Wiggins**  
*(Coauthors: Assembly Members Alquist, Briggs, Harman,  
Strickland, and Wyland)*

February 25, 2002

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An act to add *and repeal* Section 6385.5~~40~~ of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2897, as amended, Wiggins. Sales and use taxes: exemptions: fuel and petroleum products: air common carriers.

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 exempt from those taxes the gross receipts in excess of \$0.50 per gallon derived from the sale in this state of, and the storage, use, or other consumption in this state of, fuel and petroleum products sold to or purchased by an air common carriers.

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 6385.5 is added to the Revenue and  
2 Taxation Code, to read:

3 6385.5. (a) Notwithstanding Section 6385, there are  
4 exempted from the taxes imposed by this part, those gross receipts  
5 in excess of fifty cents (\$0.50) per gallon derived from the sale in  
6 this state of, or the storage, use, or other consumption in this state  
7 of, fuel and petroleum products sold to or purchased by an air  
8 common carrier. For the purposes of this section “air common  
9 carrier” has the same meaning as that set forth in Section 23046  
10 of the Business and Professions Code.

11 (b) *The Legislative Analyst shall conduct, to the extent*  
12 *possible, a review of the jet fuel tax exemption established by this*  
13 *section and release a report on the findings by April 1, 2005. This*  
14 *review shall include, but not limited to, a determination of whether*  
15 *this jet fuel tax exemption increased fuel sales in California, and*  
16 *whether any such increase in fuel sales had any revenue or*  
17 *economic impacts on the state.*

18 (c) *This section shall remain in effect only until January 1,*  
19 *2006, and as of that date is repealed, unless a later enacted statute,*  
20 *that is enacted before January 1, 2006, deletes or extends that date.*

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

25 SEC. 3. This act provides for a tax levy within the meaning of  
26 Article IV of the Constitution and shall go into immediate effect.  
27 However, the provisions of this act shall become operative on the



- 1 first day of the first calendar quarter commencing more than 90
- 2 days after the effective date of this act.

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