

AMENDED IN ASSEMBLY APRIL 23, 2008

AMENDED IN ASSEMBLY APRIL 3, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 2728

Introduced by Assembly Member Karnette
(Coauthors: Assembly Members Ma and Portantino)

February 22, 2008

An act to add Section 7101.2 to the Revenue and Taxation Code, relating to the Arts Council.

LEGISLATIVE COUNSEL'S DIGEST

AB 2728, as amended, Karnette. Arts Council: funding.

The Sales and Use Tax Law imposes a tax on gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property, and generally requires that all revenues derived from that tax be deposited in the State Treasury to the credit of the Retail Sales Tax Fund. Existing law establishes in state government the California Arts Council and imposes various duties on the council to foster arts development and to award grants and prizes to individuals and organizations in the arts, as provided.

This bill would, *on and after a specified date*, require that 20% of all revenues derived from the payment of the tax imposed, as provided, in connection with the sale, or the storage, use, or other consumption, of a work of art, as defined, and remitted to the State Board of Equalization by the taxpayers engaged in specified lines of business be allocated, upon appropriation by the Legislature, to the California Arts Council to be used exclusively for specified purposes, as provided.

This bill would provide that it will become operative only if the General Fund has achieved ongoing structural balance on or before July 1, 2015, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Section 7101.2 is added to the Revenue and
2 Taxation Code, to read:

3 7101.2. (a) Notwithstanding Section 7101, *on and after each*
4 *July 1 of each fiscal year following the achievement of the ongoing*
5 *structural balance described in subdivision (b)*, 20 percent of all
6 revenues, less refunds, derived from the taxes imposed pursuant
7 to Sections 6051 and 6201 and remitted to the board by the
8 taxpayers identified in the board's records as engaged in those
9 lines of business described in Codes 11 and 15 of the board's
10 business classification coding system or Codes 45110, 453920,
11 and 453998 of the North American Industry Classification System,
12 provided that the board has fully implemented use of the North
13 American Industry Classification System, shall be deposited in
14 the State Treasury to be allocated, upon appropriation by the
15 Legislature, to the California Arts Council to be used exclusively
16 for the purposes specified in Section 8753 of the Government
17 Code.

18 (b) The act adding this section shall become operative only if
19 the General Fund has achieved ongoing structural balance on or
20 before July 1, 2015. Ongoing structural balance is achieved only
21 if all economic recovery bonds are retired and the May Revision
22 of the Governor's Budget shows revenues exceeding expenditures
23 during both the prior and current years, excluding proceeds from
24 borrowing.