

ASSEMBLY BILL

No. 31

**Introduced by Assembly Member Torrico
(Coauthors: Assembly Members Gaines, Mendoza, and Solorio)**

July 15, 2009

An act to add Section 6356.7 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 31, as introduced, Torrico. Sales and use taxes: exemption: automobile manufacturing equipment.

The Sales and Use Tax Law imposes a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state.

This bill would, on and after January 1, 2010, exempt from those taxes the gross receipts from the sale of, and the storage, use, or other consumption in this state of tangible personal property, as specified purchased for use by an automobile manufacturer.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and the Transactions and Use Tax Law authorizes districts, as specified, to impose transactions and use taxes in conformity with the Sales and Use Tax Law. Exemptions from state sales and use taxes are incorporated in these laws. 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.

The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on July 1, 2009.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on July 1, 2009, pursuant to the California Constitution.

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 6356.7 is added to the Revenue and
2 Taxation Code, to read:

3 6356.7. (a) On and after January 1, 2010, there are exempted
4 from the taxes imposed by this part the gross receipts from the sale
5 of, and the storage, use, or other consumption in this state of
6 tangible personal property purchased for use by an automobile
7 manufacturer to be used primarily in any stage of the
8 manufacturing, processing, refining, fabricating, or assembling of
9 automobiles, beginning at the point any raw materials are received
10 by the automobile manufacturer and introduced into the process
11 and ending at the point at which the manufacturing, processing,
12 refining, fabricating, or assembling has altered property to its
13 completed form.

14 (b) "Tangible personal property" includes, but is not limited
15 to, all of the following:

16 (1) Machinery and equipment, including component parts and
17 contrivances such as belts, shafts, moving parts, and operating
18 structures.

19 (2) All equipment or devices used or required to operate,
20 control, regulate, or maintain the machinery, including, without
21 limitation, computers, data processing equipment, and computer
22 software, together with all repair and replacement parts with a

1 useful life of one or more years therefor, whether purchased
2 separately or in conjunction with a complete machine and
3 regardless of whether the machine or component parts are
4 assembled by the taxpayer or another party.

5 (3) Special purpose buildings and foundations used as an integral
6 part of the manufacturing, processing, refining, or fabricating
7 process, or that constitute a research or storage facility used during
8 the manufacturing process. Buildings used solely for warehousing
9 purposes after completion of the manufacturing process are not
10 included.

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

15 SEC. 3. This act addresses the fiscal emergency declared by
16 the Governor by proclamation on July 1, 2009, pursuant to
17 subdivision (f) of Section 10 of Article IV of the California
18 Constitution.

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

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