

ASSEMBLY BILL

No. 893

Introduced by Assembly Member Daly

February 22, 2013

An act to amend Section 6006.3 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 893, as introduced, Daly. Sales and use taxes: lease: definition.

The Sales and Use Tax Law defines a “lease” for purposes of application of that law.

This bill would make technical, nonsubstantive changes to that definition.

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

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

1 SECTION 1. Section 6006.3 of the Revenue and Taxation
2 Code is amended to read:
3 6006.3. “Lease” includes rental, hire and license. “Lease” does
4 not include a use of tangible personal property for a period of less
5 than one day for a charge of less than twenty dollars (\$20) when
6 the privilege to use the property is restricted to *its* use ~~thereof~~ on
7 the premises or at a business location of the grantor of the privilege.
8 ~~Where~~ *If* a contract designated as a lease binds the lessee for a
9 fixed term and the lessee is to obtain title at the end of the term
10 upon the completion of the required payment, or has the option at
11 that time to purchase the property for a nominal amount, the

1 contract shall be regarded as a sale under a security agreement
2 from its inception and not as a lease. ~~In the case of~~ *For* a contract
3 designated as a lease with any state or local governmental body,
4 or any agency or instrumentality thereof, the lessee shall be treated
5 as bound for a fixed term notwithstanding any right of the lessee
6 to terminate the contract in the event that sufficient funds are not
7 appropriated to pay amounts due under the contract.

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