

AMENDED IN ASSEMBLY MARCH 20, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1891

Introduced by Assembly Member Donnelly

February 19, 2014

~~An act to amend Section 7204.4 of the Revenue and Taxation Code, relating to taxation.~~ *An act to add and repeal Section 6356.8 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1891, as amended, Donnelly. ~~Uniform local sales and use taxes.~~ *Sales and use taxes: exemption: water desalination: equipment.*

Existing sales and use tax laws impose 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. That law provides various exemptions from those taxes.

This bill would, until January 1, 2025, exempt from those taxes the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, any equipment purchased to be primarily used for water desalination.

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 existing law authorizes districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which conforms to the Sales and

Use Tax Law. Amendments to state sales and use taxes are incorporated into 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 any 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.

~~The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes a city, county, or city and county to impose sales and use taxes in accordance with that law. That law requires the State Board of Equalization to deduct from the tax revenues collected for counties and cities and counties under that law an amount equal to specified costs incurred by the Director of Transportation and the Controller.~~

~~This bill would make technical, nonsubstantive changes to the provision requiring the board to make these revenue deductions.~~

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

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

- 1 SECTION 1. Section 6356.8 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 6356.8. (a) There are exempted from the taxes imposed by this
- 4 part, the gross receipts from the sale in this state of, and the
- 5 storage, use, or other consumption in this state of, any equipment
- 6 purchased to be primarily used for water desalination.
- 7 (b) "Water desalination" means a process that removes salt
- 8 and other minerals from saline water to produce fresh water
- 9 suitable for human consumption or irrigation.
- 10 (c) This section shall remain in effect only until January 1, 2025,
- 11 and as of that date is repealed, unless a later enacted statute, that
- 12 is enacted before January 1, 2025, deletes or extends that date.
- 13 SEC. 2. Notwithstanding Section 2230 of the Revenue and
- 14 Taxation Code, no appropriation is made by this act and the state
- 15 shall not reimburse any local agency for any sales and use tax
- 16 revenues lost by it under this act.

1 *SEC. 3. This act provides for a tax levy within the meaning of*
2 *Article IV of the Constitution and shall go into immediate effect.*
3 *However, the provisions of this act shall become operative on the*
4 *first day of the first calendar quarter commencing more than 90*
5 *days after the effective date of this act.*

6 ~~SECTION 1. Section 7204.4 of the Revenue and Taxation~~
7 ~~Code is amended to read:~~

8 ~~7204.4. The Director of Transportation and the Controller shall~~
9 ~~charge for the cost of their services in administering the~~
10 ~~responsibilities assigned to them in Chapter 4 (commencing with~~
11 ~~Section 99200) of Part 11 of Division 10 of the Public Utilities~~
12 ~~Code. Amounts to be charged shall be specified in the annual~~
13 ~~Budget Act. Those amounts shall be deducted from the tax~~
14 ~~revenues collected by the board for the counties and the cities and~~
15 ~~counties.~~