

ASSEMBLY BILL

No. 2716

Introduced by Assembly Member Wieckowski

February 21, 2014

An act to amend Section 6244 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2716, as introduced, Wieckowski. Sales and use taxes: resale certificate.

Under the Sales and Use Tax Law, if a purchaser who gives a resale certificate or purchases property for the purpose of reselling it makes any storage or use of the property other than retention, demonstration, or display while holding it for sale in the regular course of business, the storage or use is taxable as of the time the property is first so stored or used.

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

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 6244 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 6244. (a) If a purchaser who gives a resale certificate or
- 4 purchases property for the purpose of reselling it makes any storage
- 5 or use of the property other than retention, demonstration, or
- 6 display while holding it for sale in the regular course of business,

1 the storage or use is taxable as of the time the property is first-~~so~~
2 stored or used.

3 (b) If ~~such~~ *the* use is limited to the loan of the property to
4 customers as an accommodation while awaiting delivery of
5 property purchased or leased from the lender or while property is
6 being repaired for customers by the lender, the measure of the tax
7 is the fair rental value of the property for the duration of each loan
8 ~~so~~ made.

9 (c) If the property is used frequently for purposes of
10 demonstration or display while holding it for sale in the regular
11 course of business and is used partly for other purposes, the
12 measure of the tax is the fair rental value of the property for the
13 period of ~~such~~ *the* other use or uses.

14 (d) If the property is mobile transportation equipment as defined
15 in Section 6023, and the use is limited to leasing the equipment,
16 the purchaser may elect to pay his use tax measured by the fair
17 rental value, if the election is made on or before the due date of a
18 return for the period in which the equipment is first leased. The
19 election must be made by reporting tax measured by the fair rental
20 value on the return for that period, or in ~~such~~ other manner as the
21 board may prescribe. Tax must thereafter be paid with the return
22 for each reporting period, measured by the fair rental value,
23 whether the equipment is within or without the state. The election
24 may not be revoked with respect to the equipment as to which it
25 is made.

26 (e) As used in subdivision (d), the term “fair rental value” means
27 the rentals required by the purchaser under the lease except where
28 the board determines that ~~such~~ *the* rentals are nominal. The term
29 shall not include any reimbursement payments made by the lessee
30 to the purchaser for such use tax.