

AMENDED IN ASSEMBLY APRIL 14, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 755

Introduced by Assembly Member Ridley-Thomas

February 25, 2015

An act to add Section ~~17204.6~~ 6362 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 755, as amended, Ridley-Thomas. ~~Personal income taxes: deduction: student loan interest.~~ *Sales and use taxes: exemption: small businesses: Los Angeles County transit projects.*

Existing sales and use tax laws impose taxes 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, and provides various exemptions from the taxes imposed by those laws.

This bill would partially exempt from those taxes the gross receipts from the sale of, and the storage, use, or other consumption of, tangible personal property sold by, or purchased from, a retailer that is a small business, as defined, and whose property line abuts or faces the rail corridor or a designated construction staging or construction storage area of the Crenshaw/LAX Transit Corridor Light Rail Line, the Regional Connector Transit Corridor Light Rail Line, or the Westside Subway Extension Light Rail Line, as specified. The bill would also make findings and declarations in this regard.

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 generally to the Sales and Use Tax Law. Exemptions from state sales and use taxes are incorporated into these laws.

This bill would specify that this exemption does not apply to local sales and use taxes and transactions and use taxes.

~~The Personal Income Tax Law, in conformity with federal income tax laws, allows a deduction from gross income for the taxable year in an amount equal to the interest paid by the taxpayer, not to exceed \$2,500, during the taxable year on a qualified education loan. That law provides for a phase out at certain modified adjusted gross income levels.~~

~~This bill, for taxable years beginning on or after January 1, 2016, would increase the dollar amount limit to \$4,000, thereby no longer conforming to that limitation of the federal income tax law.~~

This bill would take effect immediately as a tax levy. However, the provisions of this act shall become operative on January 1, 2016.

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. *The Legislature finds and declares all of the*
- 2 *following:*
- 3 (a) *The Los Angeles County Metropolitan Transportation*
- 4 *Authority is currently engaged in the largest public transit*
- 5 *expansion in the country.*
- 6 (b) *This expansion will fundamentally transform the County of*
- 7 *Los Angeles and will have significant long-term economic benefits.*
- 8 (c) *The Los Angeles County Metropolitan Transportation*
- 9 *Authority is currently constructing three future rail transit lines*
- 10 *known as the Crenshaw/LAX Transit Corridor Light Rail Line,*
- 11 *the Regional Connector, and the Westside Subway Extension.*
- 12 (d) *The Los Angeles County Metropolitan Transportation*
- 13 *Authority has adopted a Locally Preferred Alternative for these*
- 14 *projects, which describe the route alignment of the projects,*
- 15 *including station locations.*
- 16 (e) *While these projects will create long-term economic benefits*
- 17 *for the local communities and the County of Los Angeles as a*

1 whole, there will be temporary impacts to the local communities
2 from the construction of these projects.

3 (f) It is incumbent upon the state to partner with the Los Angeles
4 County Metropolitan Transportation Authority and assist it in
5 mitigating these short term impacts by providing tax relief to small
6 businesses affected by the construction of these light rail lines.

7 SEC. 2. Section 6362 is added to the Revenue and Taxation
8 Code, to read:

9 6362. (a) During the period in which each project is under
10 construction, there are exempted from the taxes imposed by this
11 part, the gross receipts from the sale of, and the storage, use, or
12 other consumption in this state of, tangible personal property sold
13 by, or purchased from, a retailer that is a small business and whose
14 property line abuts or faces the rail corridor or a designated
15 construction staging or construction storage area, including a
16 small business located in a mall or strip-mall that is similarly
17 situated, of the Crenshaw/LAX Transit Corridor Light Rail Line,
18 the Regional Connector Transit Corridor Light Rail Line, or the
19 Westside Subway Extension Light Rail Line selected as the Locally
20 Preferred Alternative, as described in the Final Environmental
21 Impact Statement/Environmental Impact Report for each project,
22 and as approved by the Los Angeles County Metropolitan
23 Transportation Authority.

24 (b) For the purposes of this section, the following shall apply:

25 (1) "Project" means the Crenshaw/LAX Transit Corridor Light
26 Rail Line, the Regional Connector Transit Corridor Light Rail
27 Line, and the Westside Subway Extension Light Rail Line as
28 described in this section.

29 (2) "Small business" shall mean a retailer that remitted to the
30 board less than two hundred thousand dollars (\$200,000) in tax
31 for the previous four calendar quarters.

32 (3) "Small business" also means a retailer that has been in
33 operation for less than four calendar quarters and remitted less
34 than an average of fifty thousand dollars (\$50,000) in tax for each
35 calendar quarter of operation.

36 (c) (1) Notwithstanding any provision of the Bradley-Burns
37 Uniform Local Sales and Use Tax Law (Part 1.5 (commencing
38 with Section 7200)) or the Transactions and Use Tax Law (Part
39 1.6 (commencing with Section 7251)), the exemption established
40 by this section does not apply with respect to any tax levied by a

1 county, city, or district pursuant to, or in accordance with, either
2 of those laws.

3 (2) Notwithstanding subdivision (a), the exemption established
4 by this section shall not apply with respect to any tax levied
5 pursuant to Section 6051.2, 6051.5, 6201.2, or 6201.5, pursuant
6 to Section 35 and Subdivision (f) of Section 36 of Article XIII of
7 the California Constitution, or any tax levied pursuant to Section
8 6051 or 6201 that is deposited in the State Treasury to the credit
9 of the Local Revenue Fund 2011 pursuant to Section 6051.15 or
10 6201.15.

11 SEC. 3. This act provides for a tax levy within the meaning of
12 Article IV of the Constitution and shall go into immediate effect.
13 However, the provisions of this act shall become operative on
14 January 1, 2016.

15 SECTION 1. ~~Section 17204.6 is added to the Revenue and~~
16 ~~Taxation Code, to read:~~

17 ~~17204.6. For taxable years beginning on or after January 1,~~
18 ~~2016, Section 221(b)(1) of the Internal Revenue Code is modified~~
19 ~~by substituting the number “\$4,000” for the number “\$2,500”~~
20 ~~therein.~~

21 SEC. 2. ~~This act provides for a tax levy within the meaning of~~
22 ~~Article IV of the Constitution and shall go into immediate effect.~~