

AMENDED IN ASSEMBLY MAY 13, 2015

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 *and repeal* Section 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. 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.

Existing law creates the Los Angeles County Metropolitan Transportation Authority (LACMTA) with specified powers and duties relative to transportation planning, programming, and operations in the County Los Angeles.

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 require a small business to provide a written certification to the Board of Equalization that it has suffered a negative financial impact during construction of those rail lines in order to receive the partial exemption, as provided.* The bill would also make *related findings and declarations in this regard.* ~~declarations~~.

This bill would require the LACMTA to notify the board of the date construction ends for each project. To the extent the bill would require the LACMTA to report to the board regarding the completion of construction, the bill would impose a state-mandated local program.

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 California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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~~ yes.

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.

1 (c) The Los Angeles County Metropolitan Transportation
2 Authority is currently constructing three future rail transit lines
3 known as the Crenshaw/LAX Transit Corridor Light Rail Line,
4 the Regional Connector, and the Westside Subway Extension.

5 (d) The Los Angeles County Metropolitan Transportation
6 Authority has adopted a Locally Preferred Alternative for these
7 projects, which describe the route alignment of the projects,
8 including station locations.

9 (e) While these projects will create long-term economic benefits
10 for the local communities and the County of Los Angeles as a
11 whole, there will be temporary impacts to the local communities
12 from the construction of these projects.

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

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

19 6362. (a) (1) During the period in which each project is under
20 construction, there are exempted from the taxes imposed by this
21 part, the gross receipts from the sale of, and the storage, use, or
22 other consumption in this state of, tangible personal property sold
23 by, or purchased from, a retailer that is a small business and whose
24 property line abuts or faces the rail corridor or a designated
25 construction staging or construction storage area, including a small
26 business located in a mall or strip-mall that is similarly situated,
27 of the Crenshaw/LAX Transit Corridor Light Rail Line, the
28 Regional Connector Transit Corridor Light Rail Line, or the
29 Westside Subway Extension Light Rail Line selected as the Locally
30 Preferred Alternative, as described in the Final Environmental
31 Impact Statement/Environmental Impact Report for each project,
32 and as approved by the Los Angeles County Metropolitan
33 Transportation Authority.

34 (2) *The Los Angeles County Metropolitan Transportation*
35 *Authority shall notify the board of the date construction ends for*
36 *each project and shall notify the board of the date construction*
37 *ends for the last project.*

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

39 (1) "Project" means the Crenshaw/LAX Transit Corridor Light
40 Rail Line, the Regional Connector Transit Corridor Light Rail

1 Line, and the Westside Subway Extension Light Rail Line as
2 described in this section.

3 (2) “Small business” shall mean a retailer that remitted to the
4 board less than two hundred thousand dollars (\$200,000) in tax
5 for the previous four calendar quarters.

6 (3) “Small business” also means a retailer that has been in
7 operation for less than four calendar quarters and remitted less
8 than an average of fifty thousand dollars (\$50,000) in tax for each
9 calendar quarter of operation.

10 (c) (1) *An exemption shall not be allowed under this section*
11 *unless a small business demonstrates that it has suffered a negative*
12 *financial impact as a result of a project that abuts or faces the rail*
13 *corridor or a designated construction staging or construction*
14 *storage area of that small business during the period the project*
15 *is under construction.*

16 (2) *A small business shall provide to the board a written*
17 *certification, along with evidence in support of that certification,*
18 *that it has suffered a negative financial impact by a project.*
19 *Evidence of a negative financial impact shall include, but not be*
20 *limited to, financial records that show a loss of business revenue*
21 *during the period a project is under construction.*

22 (e)

23 (d) (1) Notwithstanding any provision of the Bradley-Burns
24 Uniform Local Sales and Use Tax Law (Part 1.5 (commencing
25 with Section 7200)) or the Transactions and Use Tax Law (Part
26 1.6 (commencing with Section 7251)), the exemption established
27 by this section does not apply with respect to any tax levied by a
28 county, city, or district pursuant to, or in accordance with, either
29 of those laws.

30 (2) Notwithstanding subdivision (a), the exemption established
31 by this section shall not apply with respect to any tax levied
32 pursuant to Section 6051.2, 6051.5, 6201.2, or 6201.5, pursuant
33 to Section 35 and ~~Subdivision~~ *subdivision* (f) of Section 36 of
34 Article XIII of the California Constitution, or any tax levied
35 pursuant to Section 6051 or 6201 that is deposited in the State
36 Treasury to the credit of the Local Revenue Fund 2011 pursuant
37 to Section 6051.15 or 6201.15.

38 (e) *This section shall cease to be operative on the last day of*
39 *the calendar month following, or 14 days after, the date*

1 *construction ends for the last project, pursuant to the notification*
2 *in paragraph (2) of subdivision (a), whichever is later.*

3 *SEC. 3. No reimbursement is required by this act pursuant to*
4 *Section 6 of Article XIII B of the California Constitution because*
5 *the only costs that may be incurred by a local agency or school*
6 *district are the result of a program for which legislative authority*
7 *was requested by that local agency or school district, within the*
8 *meaning of Section 17556 of the Government Code and Section 6*
9 *of Article XIII B of the California Constitution.*

10 ~~SEC. 3.~~

11 *SEC. 4. 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.*

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