

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1021

Introduced by Assembly Member Steinorth

February 26, 2015

~~An act to amend Section 17010 of the Revenue and Taxation Code, relating to taxation.~~ *An act to add Section 6012.4 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1021, as amended, Steinorth. ~~Personal income taxes.~~ *Sales and use taxes: smartphones: bundled transactions.*

The Sales and Use Tax Law imposes 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. Under existing sales and use tax regulations, gross receipts from a retail sale of a smartphone sold in a bundled transaction with wireless telecommunication service is generally equal to the amount of the unbundled sales price of the smartphone.

This bill would, instead, limit the gross receipts from a retail sale of a smartphone sold in a bundled transaction with wireless telecommunication service to the bundled sales price of the smartphone.

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 generally 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.

~~The Personal Income Tax Law imposes taxes on income and provides definitions of specified terms for purposes of that law, including a definition for “taxable year.”~~

~~This bill would make a nonsubstantive change to those provisions.~~

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 6012.4 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 6012.4. (a) Notwithstanding Sections 6011 and 6012, “gross
- 4 receipts” and “sales price” from the retail sale or purchase of a
- 5 smartphone shall be limited to the amount charged for the sale of
- 6 the smartphone when that smartphone is sold in a bundled
- 7 transaction.
- 8 (b) “Bundled transaction” means a retail sale of a smartphone
- 9 that contractually requires the retailer’s customer to activate or
- 10 contract with a wireless telecommunications service provider for
- 11 utility service for a period greater than one month as a condition
- 12 of that sale.
- 13 (c) (1) “Smartphone” means a cellular radio telephone or other
- 14 mobile voice communications handset device that includes all of
- 15 the following features:
- 16 (A) Utilizes a mobile operating system.
- 17 (B) Possesses the capability to utilize mobile software
- 18 applications, access and browse the Internet, utilize text messaging,
- 19 utilize digital voice service, and send and receive email.
- 20 (C) Has wireless network connectivity.

1 (D) Is capable of operating on a long-term evolution network
2 or successor wireless data network communication standards.

3 (2) A “smartphone” does not include a radio cellular telephone
4 commonly referred to as a “feature” or “messaging” telephone,
5 a laptop, a tablet device, or a device that only has electronic
6 reading capability.

7 (d) “Wireless telecommunications service provider” means a
8 utility regulated by the Public Utilities Commission or Federal
9 Communication Commission and that offers or provides wireless
10 communication or paging services.

11 SEC. 2. Notwithstanding Section 2230 of the Revenue and
12 Taxation Code, no appropriation is made by this act and the state
13 shall not reimburse any local agency for any sales and use tax
14 revenues lost by it under this act.

15 SEC. 3. This act provides for a tax levy within the meaning of
16 Article IV of the Constitution and shall go into immediate effect.

17 SECTION 1. ~~Section 17010 of the Revenue and Taxation Code~~
18 ~~is amended to read:~~

19 ~~17010. “Taxable year” means either the calendar year or the~~
20 ~~fiscal year upon the basis of which the taxable income is computed~~
21 ~~under this part. If no fiscal year has been established, “taxable~~
22 ~~year” means the calendar year.~~

23 ~~“Taxable year” means, in the case of a return made for a~~
24 ~~fractional part of a year under this part or under regulations~~
25 ~~prescribed by the Franchise Tax Board, the period for which the~~
26 ~~return is made.~~