

AMENDED IN ASSEMBLY MARCH 24, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1247

Introduced by Assembly Member Irwin

February 27, 2015

An act to ~~add and repeal Section 14502.2 of the Food and Agricultural Code, relating to fertilizer. amend Section 6358 of the Revenue and Taxation Code, relation to taxation, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1247, as amended, Irwin. ~~Fertilizer: organic input materials. Sales and use taxes: exemption: organic input material.~~

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, including an exemption for fertilizer to be applied to land, the products of which are to be used as food for human consumption or are to be sold in the regular course of business.

This bill would additionally 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, organic input material, as defined, to be applied to land, the products of which are to be used as food for human consumption or are to be sold in the regular course of business.

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, but its operative date would depend on its effective date.

~~Existing law requires the labeling and registration, as specified, of fertilizing materials, including organic input materials. Organic input materials are commercial fertilizers, agricultural minerals, auxiliary soil and plant substances, specialty fertilizers, or soil amendments, excluding pesticides, that are to be used in organic crop and food production and that comply with specified national standards.~~

~~Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions, to be deposited in the Greenhouse Gas Reduction Fund.~~

~~This bill would require the Secretary of Food and Agriculture, on or before June 30, 2016, to provide to the Legislature a plan to expand the Department of Food and Agriculture's promotion of organic input materials for the production of food and fiber. The bill would express the Legislature's intent that the secretary's plan and the department's promotion of organic input materials be funded, all or in part, by the Greenhouse Gas Reduction Fund. The bill would make findings and declarations regarding the ways in which agricultural practices, including the application of fertilizer, remove carbon dioxide from the atmosphere.~~

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. Section 6358 of the Revenue and Taxation Code*
- 2 *is amended to read:*

1 6358. There are exempted from the taxes imposed by this part,
2 the gross receipts from the sale in this state of, and the storage,
3 use, or other consumption in this state of:

4 (a) Any form of animal life the products of which ordinarily
5 constitute food for human consumption.

6 (b) Feed for any form of animal life the products of which
7 ordinarily constitute food for human consumption or are to be sold
8 in the regular course of business.

9 (c) Seeds and plants the products of which ordinarily constitute
10 food for human consumption or are to be sold in the regular course
11 of business.

12 (d) Fertilizer to be applied to land the products of which are to
13 be used as food for human consumption or are to be sold in the
14 regular course of business.

15 (e) (1) *Organic input material to be applied to land, the*
16 *products of which are to be used as food for human consumption*
17 *or are to be sold in the regular course of business.*

18 (2) *For purposes of this subdivision, "organic input material"*
19 *means auxiliary soil and plant substance, specialty fertilizer, or*
20 *soil amendment, excluding pesticides, that complies with the*
21 *requirements of the National Organic Program standards, as*
22 *specified in Part 205 (commencing with Section 205.1) of*
23 *Subchapter M of Chapter I of Subtitle B of Title 7 of the Code of*
24 *Federal Regulations.*

25 (e)

26 (f) On or after January 1, 1997, drugs or medicines, including
27 oxygen, the primary purpose of which is the prevention or control
28 of disease, that are administered to animal life the products of
29 which ordinarily constitute food for human consumption.

30 *SEC. 2. Notwithstanding Section 2230 of the Revenue and*
31 *Taxation Code, no appropriation is made by this act and the state*
32 *shall not reimburse any local agency for any sales and use tax*
33 *revenues lost by it under this act.*

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

39 ~~SECTION 1. The Legislature finds and declares both of the~~
40 ~~following:~~

1 ~~(a) A variety of agricultural practices that enhance carbon~~
2 ~~storage or sequestration include conservation tillage, cover~~
3 ~~cropping, crop rotation, and application of compost and fertilizer~~
4 ~~to agricultural and range lands.~~

5 ~~(b) Improved soil and water quality, decreased nutrient loss,~~
6 ~~reduced soil erosion, increased water conservation, and greater~~
7 ~~crop production may result from increasing the amount of carbon~~
8 ~~dioxide stored in agricultural lands, which in turn removes that~~
9 ~~carbon dioxide from the atmosphere.~~

10 ~~SEC. 2. Section 14502.2 is added to the Food and Agricultural~~
11 ~~Code, to read:~~

12 ~~14502.2. (a) On or before June 30, 2016, the secretary shall~~
13 ~~provide to the Legislature a plan to expand the department's~~
14 ~~promotion of organic input materials for the production of food~~
15 ~~and fiber.~~

16 ~~(b) It is the intent of the Legislature to fund all or part of these~~
17 ~~requirements, including the secretary's plan and the department's~~
18 ~~promotion of organic input materials, with the Greenhouse Gas~~
19 ~~Reduction Fund.~~

20 ~~(c) (1) A report to be submitted pursuant to subdivision (a)~~
21 ~~shall be submitted in compliance with Section 9795 of the~~
22 ~~Government Code.~~

23 ~~(2) Pursuant to Section 10231.5 of the Government Code, this~~
24 ~~section is repealed on June 30, 2020.~~