

ASSEMBLY BILL

No. 1562

Introduced by Assembly Member Kim

January 4, 2016

An act to add and repeal Section 6380.2 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1562, as introduced, Kim. Sales and use taxes: exemptions: disaster preparedness products.

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. Under existing law, a sale or purchase of tangible personal property pursuant to a layaway agreement or raincheck, or under certain conditions, is considered a sale or purchase only when both payment and delivery are complete.

This bill would exempt from those taxes the gross receipts from the sale of, and the storage, use, or other consumption of, qualified disaster preparedness products sold or purchased during 2-day period beginning at 12:01 a.m. on the 2nd Saturday in October, 2017, and ending at 12:00 midnight the following Sunday, or for which an order is placed, a layaway agreement is entered into, a rain check is issued or other specified orders are placed, during this period, as specified. The bill would provide that this exemption does not apply to a specified state sales and use tax from which revenues are deposited into the Local

Public Safety Fund. The bill would repeal these provisions on January 1, 2018.

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 laws authorize 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 the Sales and Use Tax Law are automatically incorporated into the local tax laws.

Existing law requires the state to reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that no appropriation is made and the state shall not reimburse 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.

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) A tax break is a great way to make readiness supplies more
4 affordable for families.

5 (b) A sales tax holiday is a good opportunity for retailers to help
6 raise awareness of the need for California residents to be ready for
7 emergencies and natural disasters such as storms or earthquakes.

8 (c) Californians should take the opportunity to create or restock
9 disaster supply kits and develop emergency plans for their families
10 and businesses.

11 (d) Preparing for emergencies and storms today can save lives
12 and property in the event of a disaster.

13 SEC. 2. Section 6380.2 is added to the Revenue and Taxation
14 Code, to read:

15 6380.2. (a) There are exempted from the taxes imposed by
16 this part, the gross receipts from the sale of, and the storage, use,
17 or other consumption in this state of, a qualified disaster
18 preparedness product that is any of the following:

19 (1) Sold or purchased during the qualified exemption period.

1 (2) Sold or purchased pursuant to a layaway agreement that is
2 entered into, and for which the purchaser has made a deposit of at
3 least 10 percent of the gross receipts from the sale or purchase,
4 during the qualified exemption period.

5 (3) Sold or purchased pursuant to a rain check issued for the
6 product during the qualified exemption period. This paragraph
7 does not require any retailer to issue rain checks.

8 (4) Sold or purchased pursuant to an order placed by the
9 purchaser, and paid for in full, during the qualified exemption
10 period, for a product not already existing or identified, regardless
11 of the time of identification or delivery of the product.

12 (b) For purposes of this section, the following terms have the
13 following meanings:

14 (1) “Layaway” has the same meaning as defined in Section
15 1749.1 of the Civil Code.

16 (2) “Qualified disaster preparedness product” means any of the
17 following tangible personal property:

18 (A) A portable self-powered light source, if the gross receipts
19 or sales price from the sale or purchase of the product is thirty
20 dollars (\$30) or less.

21 (B) A portable self-powered radio, two-way radio, or
22 weather-band radio, if the gross receipts or sales price from the
23 sale or purchase of the product is sixty dollars (\$60) or less.

24 (C) A preassembled first-aid kit, if the gross receipts or sales
25 price from the sale or purchase of the product is thirty dollars (\$30)
26 or less.

27 (D) A gas or diesel fuel tank, if the gross receipts or sales price
28 from the sale or purchase of the product is twenty-five dollars
29 (\$25) or less.

30 (E) A package of AA cell, C cell, D cell, 6 volt, or 9 volt
31 batteries, but not automobile or boat batteries, if the gross receipts
32 or sales price from the sale or purchase of the product is thirty
33 dollars (\$30) or less.

34 (F) A nonelectric food storage cooler, if the gross receipts or
35 sales price from the sale or purchase of the product is thirty dollars
36 (\$30) or less.

37 (G) A portable generator that is used to provide light or
38 communications or preserve food in the event of a power outage,
39 if the gross receipts or sales price from the sale or purchase of the
40 product is seven hundred fifty dollars (\$750) or less.

1 (H) A water purification system, if the gross receipts or sales
2 price from the sale or purchase of the product is forty dollars (\$40)
3 or less.

4 (I) A battery-operated emergency beacon, if the gross receipts
5 or sales price from the sale or purchase of the product is fifty
6 dollars (\$50) or less.

7 (J) Emergency flares, if the gross receipts or sales price from
8 the sale or purchase of the product is twenty dollars (\$20) or less.

9 (3) “Qualified exemption period” means the two-day period
10 beginning at 12:01 a.m. on the second Saturday in October, 2017,
11 and ending at 12:00 midnight the following Sunday.

12 (4) “Rain check” means a document issued to a customer when
13 a product is out of stock that allows the customer to purchase the
14 product at a later time at the product’s price at the time the
15 document is issued.

16 (c) The exemption provided by this section does not apply with
17 respect to any tax levied pursuant to Section 35 of Article XIII of
18 the California Constitution.

19 (d) This section shall remain in effect only until January 1, 2018,
20 and as of that date is repealed.

21 SEC. 3. Notwithstanding Section 2230 of the Revenue and
22 Taxation Code, no appropriation is made by this act and the state
23 shall not reimburse any local agency for any sales and use tax
24 revenues lost by it under this act.

25 SEC. 4. This act provides for a tax levy within the meaning of
26 Article IV of the Constitution and shall go into immediate effect.