

AMENDED IN ASSEMBLY MAY 16, 2016

AMENDED IN ASSEMBLY MARCH 3, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1562

Introduced by Assembly Member Kim
(Coauthors: Assembly Members Bigelow and Steinorth)

January 4, 2016

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1562, as amended, 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 the ~~2-day~~ *1-day* period beginning at 12:01 a.m. on the 2nd Saturday in October 2017, and ending at 12:00 midnight ~~the following Sunday~~, *of that day*, or for which a layaway agreement is entered into, a raincheck is issued, or other

specified orders are placed, during this period, as specified. *This bill would repeal these provisions as of January 1, 2018.*

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes cities and counties 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 cities and counties 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 cities and counties for sales and use tax revenues lost by them pursuant to this bill.~~

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

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:

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

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

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

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

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

15 (1) "Layaway" has the same meaning as defined in Section
16 1749.1 of the Civil Code.

17 (2) "Qualified disaster preparedness product" means any of the
18 following tangible personal property:

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

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

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

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

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

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

38 (G) A portable generator that is used to provide light or
39 communications or preserve food in the event of a power outage,

1 if the gross receipts or sales price from the sale or purchase of the
2 product is seven hundred fifty dollars (\$750) or less.

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

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

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

11 (3) “Qualified exemption period” means the ~~two-day~~ *one-day*
12 period beginning at 12:01 a.m. on the second Saturday in October
13 2017, and ending at 12:00 midnight ~~the following Sunday.~~ *of that*
14 *day.*

15 (4) “Raincheck” means a document issued to a customer when
16 a product is out of stock that allows the customer to purchase the
17 product at a later time at the product’s price at the time the
18 document is issued.

19 *(c) Notwithstanding any provision of the Bradley-Burns Uniform*
20 *Local Sales and Use Tax Law (Part 1.5 (commencing with Section*
21 *7200)) or the Transactions and Use Tax Law (Part 1.6*
22 *(commencing with Section 7251)), the exemption established by*
23 *this section shall not apply with respect to any tax levied by a*
24 *county, city, or district pursuant to, or in accordance with, either*
25 *of those laws.*

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

28 ~~SEC. 3. Notwithstanding Section 2230 of the Revenue and~~
29 ~~Taxation Code, no appropriation is made by this act and the state~~
30 ~~shall not reimburse any local agency for any sales and use tax~~
31 ~~revenues lost by it under this act.~~

32 ~~SEC. 4.~~

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