

AMENDED IN SENATE MAY 31, 2016  
AMENDED IN SENATE APRIL 25, 2016  
AMENDED IN SENATE APRIL 4, 2016

**SENATE BILL**

**No. 898**

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**Introduced by Senator Nguyen**

(Principal coauthors: Assembly Members Travis Allen and Mullin)  
(Coauthors: Senators Allen, Berryhill, and Stone)

January 21, 2016

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An act to add Section 6358.6 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 898, as amended, Nguyen. Sales and use taxes: exemption: animal blood.

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. Existing law provides for various exemptions from those taxes, including an exemption for certain sales of human blood and containers thereof.

This bill would 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, animal whole blood, plasma, blood products, and blood derivatives, sold *by a nonprofit animal blood banking business* for use in the cure, mitigation, treatment, or prevention of injury or disease in animals pursuant to a specified state law.

The bill also would require the State Board of Equalization to cancel any notice of determination and any related penalties and interest, and to not issue any notice of determination, with respect to the sale in this state of, and the storage, use, or other consumption in this state of, animal whole blood, plasma, blood products, and blood derivatives, sold *by a nonprofit animal blood banking business* for use in the cure, mitigation, treatment, or prevention of injury or disease in animals pursuant to a specified state law. The bill would make findings regarding the public purpose of this provision.

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 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, notwithstanding these provisions, 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.

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 6358.6 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 6358.6. There are exempted from the taxes imposed by this
- 4 part the gross receipts from the sale in this state of, and the storage,
- 5 use, or other consumption in this state of, animal whole blood,
- 6 plasma, blood products, and blood derivatives, sold *by a nonprofit*
- 7 *animal blood banking business* for use in the cure, mitigation,
- 8 treatment, or prevention of injury or disease in animals pursuant
- 9 to Section 9241 of the Food and Agricultural Code.
- 10 SEC. 2. The Legislature finds and declares that animals have
- 11 emergencies and illnesses that present a critical need for blood
- 12 products, and that in enacting this act it is in the public interest to
- 13 relieve from liability those ~~persons~~ *nonprofit animal blood banking*

1 *businesses* that have not paid sales tax or collected sales tax  
2 reimbursement on their sales of animal blood products, thereby  
3 preventing undue hardship on those ~~persons~~ *nonprofit animal blood*  
4 *banking businesses* that offer this vital life service.

5 SEC. 3. The State Board of Equalization shall cancel any notice  
6 of determination and any related penalties and interest, and shall  
7 not issue any notice of determination, with respect to the sale in  
8 this state of, and the storage, use, or other consumption in this state  
9 of, animal whole blood, plasma, blood products, and blood  
10 derivatives, sold *by a nonprofit animal blood banking business* for  
11 use in the cure, mitigation, treatment, or prevention of injury or  
12 disease in animals pursuant to Section 9241 of the Food and  
13 Agricultural Code.

14 SEC. 4. The Legislature finds and declares that the addition of  
15 Section 3 of this act serves a public purpose as described in Section  
16 2 of this act, and does not constitute a gift of public funds within  
17 the meaning of Section 6 of Article XVI of the California  
18 Constitution.

19 SEC. 5. Notwithstanding Section 2230 of the Revenue and  
20 Taxation Code, no appropriation is made by this act and the state  
21 shall not reimburse cities and counties for any sales and use tax  
22 revenues lost by them under this act.

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