

Assembly Bill No. 251

CHAPTER 290

An act to amend Section 6361.1 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor August 2, 1995. Filed with
Secretary of State August 3, 1995.]

LEGISLATIVE COUNSEL'S DIGEST

AB 251, V. Brown. Sales and use taxes: exemption: charitable organizations.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. Existing law provides various exemptions from that tax, including an exemption for sales of tangible personal property by charitable organizations, meeting certain criteria, that have a primary purpose of providing services to individuals with developmental disabilities. Existing law also requires that the sales price of tangible personal property subject to this exemption not exceed \$10.

This bill would expand this exemption to also apply to tangible personal property that is artistic in nature, and to a charitable organization that has a primary purpose of providing services to children with severe emotional disturbances. This bill would also increase the maximum sales price for tangible personal property subject to the exemption from \$10 to \$20.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

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 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.

The people of the State of California do enact as follows:

SECTION 1. Section 6361.1 of the Revenue and Taxation Code is amended to read:

6361.1. (a) Any qualified organization is a consumer of, and shall not be considered a retailer of, tangible personal property if all of the following conditions are met:

(1) The tangible personal property is of a handcrafted or artistic nature and is designed, created, or made by either individuals with developmental disabilities or children with severe emotional disturbances who are members of, or receive services from, the qualified organization.

(2) The price of each item of tangible personal property sold does not exceed twenty dollars (\$20).

(3) The qualified organizations's sales are made on an irregular or intermittent basis.

(4) The qualified organizations's profits from the sales are used exclusively in furtherance of the purposes of the organization.

(b) For purposes of this section, "qualified organization" means any organization that meets all of the following conditions:

(1) The organization is exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.

(2) The primary purpose of the organization is to provide services to either individuals with developmental disabilities or children with severe emotional disturbances.

(3) The organization does not discriminate on the basis of race, sex, nationality, or religion.

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

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

