

ASSEMBLY BILL

No. 1694

Introduced by Assembly Member Johnson

February 24, 1995

An act to amend Section 6404 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1694, as introduced, Johnson. Sales and use tax: exemption.

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. That law provides various exemptions from that tax, including exemptions from the use tax for the loan of tangible personal property by a retailer to any school district for purposes of an educational program, and the loan of any motor vehicle by a retailer to a state university, the University of California, an accredited private or parochial secondary school for driver training purposes, or to a veterans hospital or similar nonprofit facility to provide instruction to disabled veterans in the operation of specially equipped motor vehicles.

This bill would additionally exempt from the use tax the loan by any retailer of any motor vehicle to any employee of the University of California or the California State University for the employee's exclusive use, if the loan is approved by the chancellor of the university or the president of the state university.

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, notwithstanding Section 2230 of the Revenue and Taxation Code, 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, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. Section 6404 of the Revenue and
2 Taxation Code is amended to read:

3 6404. (a) The loan by any retailer of any tangible
4 personal property to any school district for an educational
5 program conducted by the district is exempt from the use
6 tax.

7 (b) The loan by any retailer of any motor vehicle to the
8 University of California or to the California State
9 University for the exclusive use in an approved driver
10 education teacher preparation certification program
11 conducted by the university or the state university is
12 exempt from the use tax.

13 (c) *The loan by any retailer of any motor vehicle to any*
14 *employee of the University of California or the California*
15 *State University that is for the employee's exclusive use*
16 *and that is approved by the chancellor of the university*
17 *or the president of the state university is exempt from the*
18 *use tax.*

19 (d) The loan by any retailer of a motor vehicle to be
20 used exclusively for driver training in an accredited
21 private or parochial secondary school in a driver



1 education and training program approved by the State
2 Department of Education as a regularly conducted
3 course of study is exempt from the use tax.

4 ~~(d)~~

5 (e) The loan by any retailer of any motor vehicle to a
6 veterans hospital or such other nonprofit facility or
7 institution to provide instruction in the operation of
8 specially equipped motor vehicles to disabled veterans is
9 exempt from the use tax.

10 ~~(e)~~

11 (f) If the retailer makes any other use of the property
12 except retention, demonstration, or display while holding
13 it for sale in the regular course of business, the use is
14 taxable to the retailer under Chapter 3 (commencing
15 with Section 6201) as of the time the property is first so
16 used, and the sales price of the property to the retailer is
17 the measure of the tax.

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

22 SEC. 3. This act provides for a tax levy within the
23 meaning of Article IV of the Constitution and shall go into
24 immediate effect. However, the provisions of this act shall
25 become operative on the first day of the first calendar
26 quarter commencing more than 90 days after the
27 effective date of this act.

