

**ASSEMBLY BILL**

**No. 659**

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**Introduced by Assembly Member Hayashi**

February 25, 2009

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An act to amend Section 6018.6 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 659, as introduced, Hayashi. Sales and use taxes: consumer: garment cleaner.

The Sales and Use Tax Law imposes 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. That law, with certain exceptions, defines a retailer as a seller who makes any retail sale of tangible personal property and as a person who makes more than 2 retail sales of tangible personal property during any 12-month period. A retail sale is a sale of tangible personal property for any purpose other than resale in the regular course of business.

This bill would provide that a garment cleaner who receives no more than 0.5% of his or her total gross receipts from the sale of tangible personal property during the preceding calendar year is a consumer, not a retailer, of that tangible personal property sold, so the retail sale subject to tax is the sale to the garment cleaner. This bill would provide that a garment cleaner is a retailer if his or her sales of tangible personal property exceed 0.5% of his or her total gross receipts during the preceding calendar year, and sales tax would apply to the gross receipts from those sales.

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 the Transactions and Use Tax Law authorizes districts, as specified, to impose transactions and use taxes in conformity with the Sales and Use Tax Law.

Exemptions from state sales and use taxes are incorporated in these 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 6018.6 of the Revenue and Taxation
- 2 Code is amended to read:
- 3 6018.6. (a) Any person who receives no more than 20 percent
- 4 of his or her total gross receipts from the alteration of garments
- 5 during the preceding calendar year *or who receives no more than*
- 6 *one-half of 1 percent of his or her total gross receipts from the*
- 7 *sale of any other tangible personal property during the preceding*
- 8 *calendar year* is a consumer of, and shall not be considered a
- 9 retailer within the provisions of this part with respect to, property
- 10 used or furnished by that person in altering new or used clothing
- 11 *or those sales of tangible personal property*, provided both of the
- 12 following apply:
- 13 (1) That person operates a location or locations as a pickup and
- 14 delivery point for garment cleaning, or provides spotting and
- 15 pressing services on the premises but not garment cleaning, or
- 16 operates a garment cleaning or dyeing plant on the premises.
- 17 (2) Seventy-five percent or more of that person's total gross
- 18 receipts represent charges for garment cleaning or dyeing services.
- 19 (b) Sales tax shall not apply to the charges for alterations *or*
- 20 *sales of other tangible personal property when those charges or*

1 *sales do not exceed the limitations* specified in subdivision (a).  
2 However, ~~if that person is a retailer~~ *person's sales of any other*  
3 *tangible personal property sold to consumers in the regular course*  
4 ~~of business exceeds one-half of 1 percent of his or her total gross~~  
5 *receipts during the preceding calendar year, that person is a*  
6 *retailer of the tangible personal property* and sales tax shall apply  
7 to the gross receipts from those sales.

8 (c) For the purpose of this section:

9 (1) "Cleaning" means wet cleaning and drycleaning.

10 (2) "Wet cleaning" means the process of cleaning a garment by  
11 immersion in water, or by applying manually or by any mechanical  
12 device, water, or any detergent and water, or by spraying or  
13 brushing the garment with water or water and any detergent, or  
14 water vapor, or steam, and includes self-service or coin-operated  
15 equipment in whole or in part.

16 (3) "Drycleaning" means the process of cleaning or renovating  
17 wearing apparel, feathers, furs, hats, fabrics, household items, or  
18 textiles by immersion and agitation, spraying, vaporization, or  
19 immersion only, in a volatile, commercially moisture-free solvent  
20 or by the use of a volatile or inflammable product, applied either  
21 manually or by means of a mechanical appliance and including  
22 self-service or coin-operated equipment in whole or in part.

23 (4) "Dyeing" means the process of coloring wearing apparel,  
24 feathers, furs, hats, fabrics, or textiles by the use of aniline dyes,  
25 mordants, or acids, with or without steam, excluding, however,  
26 the use of any dye or combination of dyes which is directly soluble  
27 or dispersible in water and which does not require chemical  
28 alteration of its structure for application, where that dye or  
29 combination of dyes is applied to cotton, viscose rayon, or  
30 cuprammonium rayon other than wearing apparel.

31 (5) "Spotting" means the process of removing spots or stains  
32 or localized areas of soil from a garment, either before or after,  
33 and with or without drycleaning or wet cleaning, by brushing,  
34 spraying, or other means of manual or mechanical application,  
35 other than immersion, with water, detergents, and volatile or  
36 inflammable solvents, chemicals, or any, or all of them.

37 (6) "Pressing" means the process of restoring the garment to  
38 the original shape, dimensions or contour thereof, or to those in  
39 which the same was received from the customer, or as directed by  
40 the customer, and the removal of wrinkles, stresses, bulges, and

1 impressions, imprint marks and shine, from a garment by the  
2 application of pressure, heat, moisture, water vapor or steam, or  
3 all of them, whether applied manually, or by any mechanical  
4 means.

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

9 SEC. 3. This act provides for a tax levy within the meaning of  
10 Article IV of the Constitution and shall go into immediate effect.  
11 However, the provisions of this act shall become operative on the  
12 first day of the first calendar quarter commencing more than 90  
13 days after the effective date of this act.