

AMENDED IN SENATE JULY 15, 2009

AMENDED IN ASSEMBLY MAY 11, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 659

Introduced by Assembly Member Hayashi

February 25, 2009

An act to amend, *repeal, and add* 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 amended, 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, *until January 1, 2013*, provide that a garment cleaner who received 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 received 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 received no more than
- 6 one-half of 1 percent of his or her total gross receipts from the sale
- 7 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 the tangible personal property so sold, 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.

1 (2) Seventy-five percent or more of that person's total gross
2 receipts represent charges for garment cleaning or dyeing services.

3 (b) Sales tax shall not apply to the charges for alterations or
4 sales of other tangible personal property when those charges or
5 sales do not exceed the limitations specified in subdivision (a).
6 However, if that person's sales of other tangible personal property
7 to consumers exceed one-half of 1 percent of his or her total gross
8 receipts during the preceding calendar year, that person is a retailer
9 of the tangible personal property and sales tax shall apply to the
10 gross receipts from those sales.

11 (c) For the purpose of this section:

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

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

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

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

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

(6) "Pressing" means the process of restoring the garment to the original shape, dimensions or contour thereof, or to those in which the same was received from the customer, or as directed by the customer, and the removal of wrinkles, stresses, bulges, and impressions, imprint marks and shine, from a garment by the application of pressure, heat, moisture, water vapor or steam, or all of them, whether applied manually, or by any mechanical means.

(d) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 2. Section 6018.6 is added to the Revenue and Taxation Code, to read:

6018.6. (a) Any person who receives no more than 20 percent of his or her total gross receipts from the alteration of garments during the preceding calendar year is a consumer of, and shall not be considered a retailer within the provisions of this part with respect to, property used or furnished by that person in altering new or used clothing, provided both of the following apply:(PU RTC CODE S6018.6 Amended by Stats. 1986, Ch. 308, Sec. 2.)

(1) That person operates a location or locations as a pickup and delivery point for garment cleaning, or provides spotting and pressing services on the premises but not garment cleaning, or operates a garment cleaning or dyeing plant on the premises.(PU RTC CODE S6018.6 Amended by Stats. 1986, Ch. 308, Sec. 2.)

(2) Seventy-five percent or more of that person's total gross receipts represent charges for garment cleaning or dyeing services.(PU RTC CODE S6018.6 Amended by Stats. 1986, Ch. 308, Sec. 2.)

(b) Sales tax shall not apply to the charges for alterations specified in subdivision (a). However, that person is a retailer of any other tangible personal property sold to consumers in the regular course of business and sales tax shall apply to the gross receipts from those sales.(PU RTC CODE S6018.6 Amended by Stats. 1986, Ch. 308, Sec. 2.)

(c) For the purpose of this section:(PU RTC CODE S6018.6 Amended by Stats. 1986, Ch. 308, Sec. 2.)

1 (1) "Cleaning" means wet cleaning and drycleaning.(PU RTC
2 CODE S6018.6 Amended by Stats. 1986, Ch. 308, Sec.
3 2.)

4 (2) "Wet cleaning" means the process of cleaning a garment
5 by immersion in water, or by applying manually or by any
6 mechanical device, water, or any detergent and water, or by
7 spraying or brushing the garment with water or water and any
8 detergent, or water vapor, or steam, and includes self-service or
9 coin-operated equipment in whole or in part.(PU RTC CODE
10 S6018.6 Amended by Stats. 1986, Ch. 308, Sec. 2.)

11 (3) "Drycleaning" means the process of cleaning or renovating
12 wearing apparel, feathers, furs, hats, fabrics, household items, or
13 textiles by immersion and agitation, spraying, vaporization, or
14 immersion only, in a volatile, commercially moisture-free solvent
15 or by the use of a volatile or inflammable product, applied either
16 manually or by means of a mechanical appliance and including
17 self-service or coin-operated equipment in whole or in part.(PU
18 RTC CODE S6018.6 Amended by Stats. 1986, Ch. 308,
19 Sec. 2.)

20 (4) "Dyeing" means the process of coloring wearing apparel,
21 feathers, furs, hats, fabrics, or textiles by the use of aniline dyes,
22 mordants, or acids, with or without steam, excluding, however,
23 the use of any dye or combination of dyes which is directly soluble
24 or dispersible in water and which does not require chemical
25 alteration of its structure for application, where that dye or
26 combination of dyes is applied to cotton, viscose rayon, or
27 cuprammonium rayon other than wearing apparel.(PU RTC CODE
28 S6018.6 Amended by Stats. 1986, Ch. 308, Sec. 2.)

29 (5) "Spotting" means the process of removing spots or stains
30 or localized areas of soil from a garment, either before or after,
31 and with or without drycleaning or wet cleaning, by brushing,
32 spraying, or other means of manual or mechanical application,
33 other than immersion, with water, detergents, and volatile or
34 inflammable solvents, chemicals, or any, or all of them.(PU RTC
35 CODE S6018.6 Amended by Stats. 1986, Ch. 308, Sec.
36 2.)

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. (PU RTC CODE S6018.6 Amended by Stats.*
5 *1986, Ch. 308, Sec. 2.)*

6 *(d) This section shall become operative on January 1, 2013.*

7 ~~SEC. 2.~~

8 SEC. 3. Notwithstanding Section 2230 of the Revenue and
9 Taxation Code, no appropriation is made by this act and the state
10 shall not reimburse any local agency for any sales and use tax
11 revenues lost by it under this act.

12 ~~SEC. 3.~~

13 SEC. 4. This act provides for a tax levy within the meaning of
14 Article IV of the Constitution and shall go into immediate effect.
15 However, the provisions of this act shall become operative on the
16 first day of the first calendar quarter commencing more than 90
17 days after the effective date of this act.