

Introduced by Senator Correa

February 16, 2011

An act to amend Section 6010 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 421, as introduced, Correa. Sales and use taxes: purchase.

The Sales and Use Tax Law imposes a use tax 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 specifies that a "purchase" means and includes, among other things, a transaction whereby the possession of tangible personal property is transferred, but the seller retains the title to the property as security for the payment of the price.

This bill would make technical, nonsubstantive changes to this definition of purchase.

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

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

- 1 SECTION 1. Section 6010 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 6010. "Purchase" means and includes:
- 4 (a) Any transfer of title or possession, exchange, or barter,
- 5 conditional or otherwise, in any manner or by any means
- 6 whatsoever, of tangible personal property for a consideration.
- 7 "Transfer of possession" includes only transactions found by the
- 8 board to be in lieu of a transfer of title, exchange, or barter.

1 (b) When performed outside this state or when the customer
2 gives a resale certificate pursuant to Article 3 (commencing with
3 Section 6091) of Chapter 2, the producing, fabricating, processing,
4 printing, or imprinting of tangible personal property for a
5 consideration for consumers who furnish either directly or
6 indirectly the materials used in the producing, fabricating,
7 processing, printing, or imprinting.

8 (c) A transaction whereby the possession of property is
9 transferred, but the seller retains the title as security for the payment
10 of the price.

11 (d) A transfer for a consideration of tangible personal property
12 ~~which~~ *that* has been produced, fabricated, or printed to the special
13 order of the customer, or of any publication.

14 (e) Any lease of tangible personal property in any manner or
15 by any means whatsoever, for consideration, except a lease of:

16 (1) Motion pictures or animated motion pictures, including
17 television, films, and tapes.

18 (2) Linen supplies and similar articles when an essential part of
19 the lease agreement is the furnishing of the recurring service of
20 laundering or cleaning the articles.

21 (3) Household furnishings with a lease of the living quarters in
22 which they are to be used.

23 (4) Mobile transportation equipment for use in transportation
24 of persons or property as defined in Section 6023.

25 (5) Tangible personal property leased in substantially the same
26 form as acquired by the lessor or leased in substantially the same
27 form as acquired by a transferor, as to which the lessor or transferor
28 has paid sales tax reimbursement or has paid use tax measured by
29 the purchase price of the property. For purposes of this paragraph,
30 “transferor” shall mean the following:

31 (A) A person from whom the lessor acquired the property in a
32 transaction described in subdivision (b) of Section 6006.5.

33 (B) A decedent from whom the lessor acquired the property by
34 will or the laws of succession.

35 (6) A mobilehome, as defined in Sections 18008 and 18211 of
36 the Health and Safety Code, other than a mobilehome originally
37 sold new prior to July 1, 1980, and not subject to local property
38 taxation.

39 (7) Paragraphs (1) and (5) and Section 6094.1 ~~shall~~ *do* not apply
40 to rentals or leases of video cassettes, video tapes, and video discs

- 1 for private use under which the lessee or renter does not obtain or
- 2 acquire the right to license, broadcast, exhibit, or reproduce the
- 3 video cassette, video tape, or video disc.

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