
VETO

Bill No: SB 898
Author: Nguyen (R), et al.
Amended: 6/27/16
Vote: 21

SENATE GOVERNANCE & FIN. COMMITTEE: 7-0, 4/20/16
AYES: Hertzberg, Nguyen, Beall, Hernandez, Lara, Moorlach, Pavley

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/27/16
AYES: Lara, Bates, Beall, Hill, McGuire, Mendoza, Nielsen

SENATE FLOOR: 39-0, 6/2/16
AYES: Allen, Anderson, Bates, Beall, Berryhill, Block, Cannella, De León,
Fuller, Gaines, Galgiani, Glazer, Hall, Hancock, Hernandez, Hertzberg, Hill,
Hueso, Huff, Jackson, Lara, Leno, Leyva, Liu, McGuire, Mendoza, Mitchell,
Monning, Moorlach, Morrell, Nguyen, Nielsen, Pan, Pavley, Roth, Stone,
Vidak, Wieckowski, Wolk
NO VOTE RECORDED: Runner

SENATE FLOOR: 39-0, 8/25/16
AYES: Allen, Anderson, Bates, Beall, Berryhill, Block, Cannella, De León,
Fuller, Gaines, Galgiani, Glazer, Hall, Hancock, Hernandez, Hertzberg, Hill,
Hueso, Huff, Jackson, Lara, Leno, Leyva, Liu, McGuire, Mendoza, Mitchell,
Monning, Moorlach, Morrell, Nguyen, Nielsen, Pan, Pavley, Roth, Stone,
Vidak, Wieckowski, Wolk

ASSEMBLY FLOOR: 70-5, 8/18/16 - See last page for vote

SUBJECT: Sales and use taxes: exemption: animal blood

SOURCE: Author

DIGEST: This bill enacts a sales and use tax (SUT) exemption for the sale of animal blood sold by a nonprofit animal blood bank.

ANALYSIS:

Existing law:

- 1) Imposes a SUT on the sale, storage, or use of tangible personal property unless exempted by state law.
- 2) Exempts human whole blood, plasma, blood products, and blood derivatives, or any human body parts held in a bank for medical purposes, from SUT.

This bill:

- 1) Provides a SUT exemption for the sale of animal blood, plasma, blood products, and blood derivatives, sold by nonprofit animal blood banks for use in the cure, mitigation, treatment, or prevention of injury or disease in animals.
- 2) Defines “nonprofit” as an organization qualified under Section 501(c)(3) of the Internal Revenue Code.
- 3) Sunsets on January 1, 2022.

Background

According to the California Department of Food and Agriculture, only two animal blood banks in California hold licenses to produce, market, and sell animal blood and blood products. These facilities provide whole blood, plasma, platelets, and clotting factors to veterinary hospitals and clinics. The blood used to make these products is collected from an animal "blood donor" housed permanently or semi-permanently at the blood bank. California law does not allow pet owners to volunteer their animals as donors to commercial blood banks.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee, SB 898 results in annual state and local revenue loss of approximately \$80,000, including \$38,400 General Fund.

SUPPORT: (Verified 10/20/16)

ACVS Veterinary Surgeon
American Emergency Clinic
American Holistic Veterinary Medical Association
American Holistic Veterinary Medical Foundation
Animal Urgent Care

California Veterinary Medical Association
Center for Integrative Animal Medicine
Eye Care for Animals
George Runner, Board of Equalization Member
Hemopet
Humane Society Veterinary Medicine Association
Holistic Veterinary Care
Meridian Veterinary Care
SAGE Centers for Veterinary Specialty and Emergency Care
VCA Emergency Animal Hospital and Referral Center

OPPOSITION: (Verified 10/20/16)

Animal Blood Bank
California State Association of Counties
League of California Cities

ARGUMENTS IN SUPPORT: According to the author, “SB 898 amends the California Revenue and Taxation code to clarify that the sale and use of animal blood, blood products, and derivatives by a licensed animal blood bank are not subject to tax. Since one of the two animal blood bank organizations provides an integral portion of the California’s animal donor blood, the need to ensure the protection of this vital service is necessary and appropriate. Furthermore a similar tax exemption exists in the California tax code for human blood banks, a logical application of this exemption should extend towards animals as well.”

ARGUMENTS IN OPPOSITION: The League of California Cities and the California State Association of Counties argue that sales and use tax exemptions continue to erode the already shrinking local sales tax base. Cities and counties continue to struggle financially, and sales and use tax exemptions only further exacerbate the issue. Animal Blood Bank opposes the measure’s limited application to nonprofits, arguing that these limits preclude many smaller veterinary facilities, or any facility serving cats, from the measure’s benefits.

GOVERNOR'S VETO MESSAGE:

I am returning the following seven bills without my signature:

Assembly Bill 717
Assembly Bill 724
Assembly Bill 1561
Assembly Bill 2127

Assembly Bill 2728
Senate Bill 898
Senate Bill 907

Each of these bills creates a new tax break or expands an existing tax break. In total, these bills would reduce revenues by about \$300 million through 2017-18.

As I said last year, tax breaks are the same as new spending -- they both cost the General Fund money. As such, they must be considered during budget deliberations so that all spending proposals are weighed against each other at the same time. This is even more important when the state's budget remains precariously balanced.

Therefore, I cannot sign these measures.

ASSEMBLY FLOOR: 70-5, 8/18/16

AYES: Achadjian, Alejo, Travis Allen, Arambula, Atkins, Baker, Bigelow, Bloom, Bonta, Brough, Brown, Burke, Calderon, Campos, Chang, Chau, Chávez, Chiu, Chu, Cooley, Cooper, Dababneh, Dahle, Daly, Dodd, Eggman, Frazier, Cristina Garcia, Eduardo Garcia, Gatto, Gipson, Gomez, Gonzalez, Gordon, Gray, Grove, Harper, Holden, Irwin, Jones, Jones-Sawyer, Kim, Lackey, Linder, Lopez, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Melendez, Mullin, Nazarian, O'Donnell, Quirk, Ridley-Thomas, Rodriguez, Salas, Santiago, Steinorth, Mark Stone, Thurmond, Ting, Wagner, Waldron, Weber, Williams, Wood, Rendon

NOES: Gallagher, Hadley, Levine, Obernolte, Wilk

NO VOTE RECORDED: Bonilla, Beth Gaines, Roger Hernández, Olsen, Patterson

Prepared by: Myriam Bouaziz / GOV. & F. / (916) 651-4119
10/25/16 14:29:19

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