

AMENDED IN SENATE APRIL 4, 2016

SENATE BILL

No. 898

Introduced by Senator Nguyen

January 21, 2016

An act to ~~amend Section 23002 of~~ *add Section 6358.6 to* the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 898, as amended, Nguyen. ~~Corporation taxes.~~ *Sales and use taxes: exemption: animal blood.*

Existing sales and use tax laws impose 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. Existing law provides for various exemptions from those taxes, including an exemption for certain sales of human blood and containers thereof.

This bill would exempt from those taxes the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, animal whole blood, plasma, blood products, and blood derivatives, sold for use in the cure, mitigation, treatment, or prevention of injury or disease in animals pursuant to a specified state law.

The bill also would require the State Board of Equalization to cancel any notice of determination and any related penalties and interest, and to not issue any notice of determination, with respect to the sale in this state of, and the storage, use, or other consumption in this state of, animal whole blood, plasma, blood products, and blood derivatives, sold for use in the cure, mitigation, treatment, or prevention of injury

or disease in animals pursuant to a specified state law. The bill would make findings regarding the public purpose of this provision.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes cities and counties to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing laws authorize districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which generally conforms to the Sales and Use Tax Law. Amendments to the Sales and Use Tax Law are incorporated into the local tax laws.

Existing law requires the state to reimburse cities and counties for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding these provisions, no appropriation is made and the state shall not reimburse cities and counties for sales and use tax revenues lost by them pursuant to this bill.

The Corporation Tax Law generally provides that its provisions are applicable to the corporation franchise tax, the corporation income tax, the alternative minimum tax, or the predecessor acts of the Corporation Tax Law.

~~This bill would make nonsubstantive changes to that provision.~~

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

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

- 1 SECTION 1. Section 6358.6 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 6358.6. There are exempted from the taxes imposed by this
- 4 part the gross receipts from the sale in this state of, and the
- 5 storage, use, or other consumption in this state of, animal whole
- 6 blood, plasma, blood products, and blood derivatives, sold for use
- 7 in the cure, mitigation, treatment, or prevention of injury or disease
- 8 in animals pursuant to Section 9241 of the Food and Agricultural
- 9 Code.
- 10 SEC. 2. The Legislature finds and declares that animals have
- 11 emergencies and illnesses presenting a critical need for blood
- 12 products, and that in enacting this act it is in the public interest
- 13 to relieve from liability those persons that have not paid sales tax
- 14 or collected sales tax reimbursement on their sales of animal blood

1 *products, thereby preventing undue hardship on those persons*
2 *that offer this vital life service.*

3 *SEC. 3. The State Board of Equalization shall cancel any notice*
4 *of determination and any related penalties and interest, and shall*
5 *not issue any notice of determination, with respect to the sale in*
6 *this state of, and the storage, use, or other consumption in this*
7 *state of, animal whole blood, plasma, blood products, and blood*
8 *derivatives, sold for use in the cure, mitigation, treatment, or*
9 *prevention of injury or disease in animals pursuant to Section*
10 *9241 of the Food and Agricultural Code.*

11 *SEC. 4. The Legislature finds and declares that the addition*
12 *of Section 3 of this act serves a public purpose as described in*
13 *Section 2 of this act, and does not constitute a gift of public funds*
14 *within the meaning of Section 6 of Article XVI of the California*
15 *Constitution.*

16 *SEC. 5. Notwithstanding Section 2230 of the Revenue and*
17 *Taxation Code, no appropriation is made by this act and the state*
18 *shall not reimburse cities and counties for any sales and use tax*
19 *revenues lost by them under this act.*

20 ~~SECTION 1. Section 23002 of the Revenue and Taxation Code~~
21 ~~is amended to read:~~

22 ~~23002. Except where otherwise expressly provided, all~~
23 ~~provisions of this part are applicable to the taxes imposed~~
24 ~~respectively under Chapter 2 (commencing with Section 23101),~~
25 ~~Chapter 2.5 (commencing with Section 23400), or Chapter 3~~
26 ~~(commencing with Section 23501), or to the predecessor acts of~~
27 ~~this part, the Bank and Corporation Franchise Tax Act, or the~~
28 ~~Corporation Income Tax Act, respectively.~~

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